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NEWS SUMMARY

GENERAL

Bhuttos seized in new curbs

Several Pakistani political leaders—including the wife and daughter of executed former Prime Minister Zulfikar Ali Bhutto—were detained hours after President Zia-ul Haq announced that he had postponed next month's general elections.

The politicians were reported to have been served with three-month detention orders and confined to their homes. Under Gen Zia's new restrictions political parties and any political activity is banned and party funds frozen.

Another person detained was retired Air Marshal Asghar Khan, leader of the centre Tehriq-i-Istiqlal Party which, unlike the People's Party now being run by Bhutto's widow, had registered to take part in the planned elections. Page 4

ITV delay

The Independent television companies are expected to have to wait at least a week to know if their 45 per cent, two-year pay offer to technicians will be accepted and broadcasting resumed. Page 9

Fairly sacked

An industrial tribunal ruled that National Union of Public Employees shop steward Bill Geddes, a carpenter at Hammersmith Hospital, was fairly sacked for spraying paint on a hospital wall.

£90 hotel room

The $200 a night mark has been passed for a standard hotel room in London. The Ritz, part of the Trafalgar House group, is now charging £90 for a twin room inclusive of VAT and English breakfast. Back Page. News analysis, Page 7

Fighter project

British, French and West German military aircraft manufacturers have begun six months of talks on possible collaboration on a new tactical combat aircraft for the late 1980s and beyond. The project is expected to cost several billion pounds. Back Page

Nobel award

The Nobel Peace Prize has been awarded to Mother Teresa, the Albanian missionary, for her work for humanity. She founded the Missionaries of Charity in Calcutta in 1950, and the order now runs more than 120 homes for the poor in 25 countries. Page 2

Soldier shot

A soldier was shot in the head during a gun attack in Belfast. A booby trap, left in a dustbin in the house from which the attack took place, was dismantled.

Sino-Soviet talks

Talks between Chinese and Russian negotiators, which could herald the start of a new era of relations between Moscow and Peking began in Moscow. Officials from both sides have said they expect the talks to be long and difficult.

Riot gear plea

Police need better riot control equipment to protect them from injury, said an official at the annual meeting in Rothesay of the United Kingdom's police federations.

Briefly . . .

Common Market is sending 5,000 tonnes of rice to feed starving Kampucheans.

Opening of Glasgow's £43m underground system—to be inaugurated by the Queen on November 7—has been postponed because of power supply and signalling system delays.

BUSINESS

Dollar firmer; Gold off $8

● EQUITY leaders drifted down after initial gains and the FT 30-share index closed 0.2 lower at 472.3.

● GILTS continued their recovery with longs and shorts settling at ⅛ to ⅜ higher. The Government Securities index gained 0.28 to 71.35.

● STERLING fell 80 points to $2.1450, its trade-weighted index easing from 68.9 to 68.8. The dollar rose sharply in late trading, closing at DM 1.8025 (DM 1.7990), and its index rose from 85.9 to 86.2.

● GOLD fell $8 an ounce in London to $383¼.

● WALL STREET was 7.17 higher at 836.69 before the close.

UK managers '7% better off'

● MANAGERS in the UK are 7 per cent better off on average in real terms this year, compared with 1978, and are more likely to receive fringe benefits, says a consultant's survey. Despite inflation, Budget tax cuts have raised average take-home pay by 25 per cent. Page 7

● SINGER, the U.S. sewing machine group, is to make "substantial reductions in the workforce" at its West German plant which employs over 1,000 people.

● THE RATE of economic growth appears to have fallen after the rapid expansion of the late spring and early summer, according to Central Statistical Office indices. Back Page

● THE GOVERNMENT may face increased pressure to strengthen its labour laws proposals to provide for a statutory review of present closed shops, following a CBI review of the engineering strike settlement. Back Page

● POST OFFICE will be "many millions of pounds overspent" on cash limits this year, mainly because of higher pay settlements, the corporation's chairman has warned.

● COMMODITIES Futures Trading Commission of the U.S. is to study new ways of controlling the precious metals markets following concern over the recent high price fluctuations.

● ROLLS-ROYCE is bidding for a contract to supply a nuclear reactor for an icebreaker which the Canadian Government plans to build. Page 6

COMPANIES

● MARSHALL'S UNIVERSAL, a motor components distributor, reports first-half taxable profits down to £1.41m from £2.04m a year ago on lower turnover. Page 27

● DUPORT engineering and steels group reports taxable profits up from £3.24m to £4.14m for the first half of 1979. Page 27

● LONRHO has continued a run of bids and deals with an agreed £22.8m offer for Dutton-Forshaw, the BL and Rolls-Royce distributor. Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 9½pc 1983	£91⅛	+ ⅜
Treas. 11½pc 03-07	£94⅞	+ ⅜
Assoc. Newspapers	288	+ 8
Atlantic Assets	143	+ 6
British Home Stores	251	+ 10
Cawoods	226	+ 7
Dalgety	288	+ 5
Distillers	225	+ 6
Fairview Estates	270	+ 8
Farnell Electronics	262	+ 8
Grattan Warehouses	133	+ 6
Intnl. Thomson	387	+ 14
Paterson Zochonis A	185	+ 12
Pholax (London)	65½	+ 34
Racal Electronics	246	+ 6
Sunley (B.)	200	+ 18
Sun Life Assurance	137	+ 3
Thorn Elect.	382	+ 10
Travis and Arnold	288	+ 20
Viking Resources	145	+ 7
BP	368	+ 6

FALLS

Barclays Bank	432	− 8
English Card Cltng.	112	− 8
Home Charm	164	− 7
Hunting Assoc.	250	− 17
Lucas Inds.	228	− 4
Metloy	103	− 8
Savoy A	103	− 4
Standard Chartered	475	− 8
Consd. Murchison	290	− 15
Hartebeest	£10½	− ⅞
St. Helena	£10⅛	− ⅛
Western Deep	£10⅛	− ⅛

Saudi Arabia 'can do little to halt oil price rises'

BY RICHARD JOHNS AND RAY DAFTER

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, has warned that Saudi Arabia can do little to prevent rising oil prices.

He blamed the recent rise by three leading members of the Organisation of Petroleum Exporting Countries on the failure of the leading industrialised countries to curb their consumption.

"I think we're losing control over everything," he said at Reston, Virginia, yesterday.

Dr. Mana al Otaiba, United Arab Emirates' Minister of Petroleum and chairman of OPEC, said in Tokyo: "Prices are bound to go up at the next meeting of OPEC, but not at the steep rate that some oil-producing countries would like to see."

He acknowledged that some OPEC members had sought an extraordinary conference to formalise a general increase before the next Ministerial meeting fixed in Caracas for December 17.

On Tuesday Sheikh Yamani indicated that Saudi Arabia would be prepared to continue producing at 9.5m barrels a day, 1m above its "official" ceiling, if market conditions warranted such a level.

Sheikh Yamani is known to be deeply concerned about the flow of Iranian oil—an anxiety shared by the industry.

If, as is feared, Iranian exports drop significantly below its 3.2-3.3m barrels-a-day target, Saudi Arabia's ability to make up the shortfall and dampen market pressures will be much restricted.

His remarks seemed a gloomy admission that Saudi Arabia could do nothing to curb pressures for an across-the-board rise.

The Kingdom is known to want to realign rates, and to feel unable to continue with the present two-tier system.

After Kuwait's decision on October 8 to raise the price of its main crude by 10 per cent, Iran earlier this week set a new level of $23.50 for her light oil, $5.50 above the $18 charged for Saudi Arabia's comparable Arabian Light.

More dramatically, Libya exceeded the $23.50 upper limit established by the last OPEC Ministerial conference for premium varieties.

Sheikh Yamani was reported as saying that the situation was the consequence of "high consumption and loss of control on the Rotterdam market and the spot market."

He alleged: "The consumers are responsible for that. You have to do something about it before it is too late. We increased our production. We did our part. It is now your turn to do something."

In Paris the International Energy Agency, which groups the main industrialised countries, except France, met to discuss how transactions on the spot market, where prices last month reached $37 a barrel, could be controlled.

The conclusion of the meeting is understood to have been that no effective measures could be taken.

The view of the industrialised countries continues to be that the spot market is a necessary mechanism to satisfy requirements for marginal volumes of crude oil and products, and an evil one in so far as it is used to justify price increases unjustified by the basic global equilibrium between supply and demand.

While acknowledging the pressure on oil prices, particularly from buyers still willing to pay hefty premiums in the spot market, some OPEC leaders are concerned about the possible economic impact of applying another big price rise within the next couple of months.

In particular, they are worried about the plight of developing countries.

For this reason, said Dr. Otaiba, OPEC's conference in Caracas should restrict price rises to a small margin. Further increases should be phased in gradually.

Arab fund loan to Sudan. Page 4
CEGB plans to use more oil. Page 7

Transport union opposes Edwardes' plan for BL

BY OUR MIDLANDS CORRESPONDENT

BL'S HOPES of union support for its plan to close plants and axe 25,000 jobs were thrown in doubt last night.

The Transport and General Workers' Union broke ranks from the other unions and insisted it would continue to oppose the rationalisation plan.

Talks between members of the Executive of the Confederation of Shipbuilding and Engineering Unions were continuing into the night in an apparent attempt to persuade the transport union to fall into line.

The TGWU said that 70 per cent of BL's 164,000 workers are its members.

The confederation was meeting at BL's London headquarters along the corridor from the main Board which was considering whether to give the go-ahead for the company's corporate plan.

Sir Michael Edwardes, the BL chairman, has made clear he will require substantial support from the workers before recommending further investments.

The TGWU stance marks a setback for the confederation, which the previous night announced it would recommend acceptance, albeit reluctantly, of Sir Michael's proposals in a ballot of the workforce.

According to the TGWU, its two representatives "disassociated themselves from the decision." The policy of opposition laid down by the executive committee of the union would continue.

The TGWU has promised support for any workers who opt to fight the proposals.

If the other unions are unable to persuade the TGWU to moderate its position, it remains to be seen how militant the opposition might be.

Mr. Todd Sullivan, secretary of the white collar section of the TGWU, is also secretary of the emergency committee set up by the confederation to sound out union reaction to the plan.

The committee will meet in Birmingham today to plan its "campaign of resistance."

Shop stewards, who voted overwhelmingly at the weekend to fight the proposals, reacted angrily to the confederation's decision. Efforts would continue

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MFI shares offered for £24m

BY ANDREW FISHER

A QUARTER of the shares in the rapidly expanding MFI furniture group were placed for £24m in the stock market yesterday. The shares placed represent around half the combined stake of one of the co-founder and the widow of the other.

At the same time, MFI forecast a share jump in its pre-tax profits for the year to May 31, 1980, from nearly £14m to at least £18m and an increase in its total dividend from 1.866p to 2.62p.

The shares placed yesterday, at a price of 72p compared with the suspension price of 83p ahead of the operation, came from the holdings of Mr. Noel Lister, a joint managing director, and Mrs. Joan Searle, widow of the other founder, Mr. Donald Searle, who died in a gliding accident more than three years ago.

Mr. Lister received just over £11m for his 15.66m shares. These represented 11.9 per cent of the equity, he is retaining 11.4 per cent. Mrs. Searle, who has not taken an active role in the MFI business, sold 8.73m shares, or 6.6 per cent, for more than £6m, leaving her with half her previous stake.

A further 8.61m shares involved in the placing, which attracted more than 150 institutions by its completion time at noon, came from family trusts of Mr. Lister and Mrs. Searle. Before the placing, institutions held less than a tenth of the shares.

With 89 stores in the UK and a further 10 planned by next June, including two relocations, MFI claims to be the market leader in self-assembly furniture. At the suspension price its market capitalisation is £110m.

It began in 1964 by selling furniture through mail order, but switched in the mid-1970s to its present store retailing operation. About 35 per cent of its products are imported, but Mr. Jack Seabright, joint managing director, said UK suppliers had become keener to supply to MFI as its activities developed.

The placing was arranged by County Bank in conjunction with brokers Kemp-Gee and de Zoete and Bevan. MFI employees are also being offered 500,000 shares at the placing price.

Both Mr. Lister and Mrs. Searle have undertaken not to sell any more of their shares for at least four years. The price paid to them by County Bank for the 33m shares was 70.78p per share. When MFI went public in 1971, the Lister and Searle families held 59.4 per cent of the capital, worth £4.8m.

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Report says union 'bullied'

By Gareth Griffiths, Labour Staff

THE PRINT UNION SLADE used recruitment tactics which, while within the law, were "without any regard whatever to the feelings, interests or welfare of prospective recruits," a Government report published yesterday alleges.

Mr. James Prior, the Employment Secretary, said he was considering what action to take to prevent a recurrence of "the bullying tactics adopted by SLADE," and that the report documented its total disregard for the clearly expressed wishes of those whom it sought to recruit.

The report fulfilled a commitment in the Conservative election manifesto to look into the union's recruiting of members in the art work, advertising and associated industries between 1975 and 1978. The inquiry, set up in June, was conducted by Mr. Andrew Leggatt, QC. He was not asked to make recommendations.

SLADE, the Society of Lithographic Artists, Designers, Engravers and Process Workers, set up a special section, the Slade Art Union, to cover members recruited in advertising, art work and colour laboratories in January 1975.

Internal conflict developed between SLADE's national officers and members of the Slade Art Union, over the way the art union members were recruited. This has included a series of court battles over the unions rules. SLADE's main aim was to increase its membership and to keep other unions out of the industry

It held talks on amalgamation with the National Graphical Association last year, though specific proposals for a merger were defeated by a SLADE ballot.

The report says the 25,500-strong SLADE and the NGA recruited in the art work and advertising industry, which had employed mainly freelance and non-union labour. Both unions relied on blacking, or threats of blacking, non-union labour sources.

In typical cases SLADE officials first tried to persuade employees to join by distributing leaflets and by direct contarts. Despite little interest from employees, a meeting between union officials and staff was arranged.

Meetings were often described as threatening, angry or upset. No members were recruited.

SLADE officials then approached managements with a threat of blacking.

Report of Inquiry into certain trade union recruitment activities. Stationery Office. £2.50.

Search for Rhodesia compromise

BY BRIDGET BLOOM, AFRICA EDITOR

THE SEARCH for a compromise which would bring the Patriotic Front guerrilla alliance back into the Lancaster House conference on Rhodesia gathered pace yesterday in London and African capitals.

The presidents of the five African front-line states met in emergency session in the Tanzanian capital of Dar-es Salaam to discuss the current conference deadlock. In London, Lord Carrington, the Foreign Secretary and conference chairman, had an evening meeting in London with the South African Foreign Minister, Mr. "Pik" Botha. The two men were later due to meet the Prime Minister, Mrs. Margaret Thatcher.

Mr. Botha arrived in London yesterday morning and went straight to a meeting with Bishop Muzorewa and his Salisbury delegation.

Mr. Botha is believed to have told Lord Carrington that South Africa had doubts about security arrangements in Rhodesia during a transitional period before independence. Officials refused to comment on the meeting.

The transitional period is being discussed at Lancaster House. South Africa is worried that Bishop Muzorewa will be required either to disband or restructure the Rhodesian security forces as part of an overall settlement with the Patriotic Front and Britain. The South Africans are worried that if this were to happen, the Bishop would, in the words of one South African official, lose his power base and "would fall soon after to the Marxists."

Mr. Botha's arrival in London yesterday added to the pressure on Lord Carrington, who is already being criticised by Commonwealth governments for his tactics towards the Patriotic Front. The Foreign Secretary's decision on Monday to exclude the Front from further meetings until it agreed to accept the British draft constitution was declared by Mr. Sonny Ramphal Commonwealth-Secretary-General, to be "outside the spirit and letter" of the Lusaka Commonwealth summit agreement on Rhodesia.

President Kenneth Kaunda of Zambia, has backed Mr. Ramphal's stand. In a cable sent on Tuesday, Dr. Kaunda said Zambia viewed Lord Carrington's conduct of the Lancaster House meeting "with distaste." It was "not helpful" and was "negative."

Zambia would condemn any agreement which did not include the Patriotic Front, since it considered the possibility "a recipe for war to continue." Dr. Kaunda said the Front was ready to continue negotiations, that Zambia "not only understood" their anxieties on land—

Continued on Back Page

EMI rejects Thorn bid

BY CHRISTINE MOIR

EMI's board has rejected as inadequate the terms of the proposed takeover by Thorn Electrical Industries but Thorn refuses to accept the decision as final.

After a meeting yesterday the board of EMI, the records-to-electronics group, said that while it agreed "the force and industrial logic of many of the points made by Thorn" the merger terms did not "reflect the potential of EMI's international businesses and high technological capabilities."

Thorn welcomed EMI's acknowledgement of the rationale of the merger and said it was "disappointed that the board had not as yet decided to recommend acceptance."

Following a 10p recovery to 382p in Thorn's share price in the market, the seven-for-20 share offer now values EMI at £148.4m or 134p. By comparison EMI's market price drifted down a further 1p to 126p.

The market moves reflect growing concern by Thorn's institutional shareholders about the wisdom of the bid and the withdrawal of Philips, the Dutch electrical group, from the list of potential counter bidders.

Philips yesterday said it would "remain a fascinated observer." Other companies remain interested in buying parts of EMI.

Lombard, Page 12

£ in New York

—	Oct. 16	Previous
Spot	$2.1410-1420	$2.1540-1550
1 month	0.07-0.12 pm	0.12-0.17pm
3 months	0.39-0.44 pm	0.37-0.42pm
12 months	0.10 dis-nil	0.13-0.28pm

West Germany's oil imports rise by 16%

BY ROGER BOYES IN BONN

WEST GERMANY imported 16.4 per cent more crude oil in the first eight months of this year than in the comparable period of 1978, according to figures presented to the Cabinet in Bonn yesterday by Count Otto Lambsdorff, the Economics Minister.

The figures underline the difficulty of reconciling sharp cutbacks in oil consumption with high economic growth.

The latest figures represent a slight flattening out of the trend earlier in the year—the first half saw an 18 per cent increase in crude imports—but is still a long way from the 5 per cent savings target set by the International Energy Agency.

At the same time, Count Lamsdorff reported a 6.8 per cent drop in imported oil products over the first eight months. That reflected a decision to import crude rather than expensive finished oil products and thus to make better use of domestic refinery capacity.

The Economics Ministry figures showed that consumption of those oil products directly linked to the economic upturn—naphtha, diesel oil and heavy heating oil—was particularly high. Consumption of naphtha, in particular, rose by 16.5 per cent. Bonn has argued that with German growth having touched 4.3 per cent in the first half of this year—more than 1.5 per cent above the average growth within the European Community—special provision should be made by adjusting savings targets.

Consumption in private households appears to be modest. Light heating oil consumption dropped by 2 per cent between January-August 1979, a period which included the harsh winter, compared with the similar period of 1978. Petrol consumption rose by only 1.7 per cent.

This would seem to support Count Lambsdorff's policy of allowing higher prices to control private petrol consumption rather than imposing motorway speed limits or other statutory measures.

Nobel prize for Mother Teresa

OSLO — Mother Teresa has been awarded the 1979 Nobel Peace Prize for her work among the poor of India.

The Roman Catholic nun, who is 69, is the sixth woman to win the prize, which is worth £88,000 this year. President Jimmy Carter was among the 56 individuals and organisations nominated for this year's prize.

The five-member Norwegian Nobel Committee said Mother Teresa was given the prize "in recognition of her work in bringing help to suffering humanity."

In 1947, Mother Teresa moved into Calcutta's slums "to serve God among the poorest of the poor." The order she founded, the Missionaries of Charity, is best known for its Home for the Destitute Dying which opened in Calcutta in 1952.

Mother Teresa is the first citizen of India to win the peace prize since it was instituted in 1901. She was born in Yugoslavia, one of three children of an Albanian shopkeeper.

In 1950 she started the Order of the Missionaries of Charity, the seed of what, in 1977, totalled 81 schools, more than 300 medical dispensaries and some 65 relief centres and missions in more than 50 Indian cities.

Reuter

Mitterrand bolsters his image

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist leader, M. François Mitterrand, has bolstered his chances of being chosen as his party's candidate for the 1981 Presidential election, with a major speech at a mass Socialist rally, which has done something to dispel the growing doubts about his leadership.

M. Mitterrand, who has already run unsuccessfully twice for the Presidency, did not specifically state he would be a candidate in 1981, but he did everything to persuade his 7,000-strong audience that he was a front-runner.

"We will nominate whoever is best fitted to lead the party to victory," he proclaimed, adding that everyone, including himself, would close ranks behind the candidate carrying the Socialist colours.

M. Mitterrand made it plain that he was in full command of the Socialist Party, despite the existence of several powerful factions who disagree with its official policy. He would take the initiative during the coming months to cement the party's unity, he said.

To underline this self-appointed role M. Mitterrand made a number of conciliatory, if contradictory remarks. Some were aimed at pleasing the party's left-wing, which has supported him since the Socialist Congress earlier this year, and others at appeasing his right-wing critics.

He assured the Left wing that, whatever the difficulties, an alliance with the Communists remained the party's objective, while the supporters of M. Michel Rocard, the other main contender for the presidential candidacy, were offered a passionate defence of democratic liberties.

If anything, M. Mitterrand leaned over backwards to reassure M. Rocard's friends. While supporting the Union of the Left in principle, he appeared to prejudice any remaining chances that it could be resuscitated, with a virulent attack on the Communist Party, which he described as being 50 years out of date.

M. Mitterrand is trying to regain some of the middle ground in the party which he lost at the last Congress by identifying himself with the pro-Communist Left-wing.

Only time will tell whether he will be successful, but for the moment he appears to have regained some of his old flair for political acrobatics and persuasive oratory.

Ruling on terror suspect

PARIS—A French court yesterday recommended that Sig. Francesco Piperno, an Italian urban guerrilla suspect, should be extradited to Italy to face charges of complicity in the murder of Sig. Aldo Moro, the former Italian Premier.

In a lengthy summing-up, the court rejected 45 of the 46 Italian charges against Sig. Piperno on the grounds either that insufficient evidence was offered or that the charges might be of a political nature. But the court said he should return to Italy to answer the charge of giving refuge to two men in whose homes police found guns used in the abduction and murder of Sig. Moro.

The final decision on the extradition lies with the Justice Minister and the Prime Minister.

Sig. Piperno, a 36-year-old Physics professor at Padua University, was arrested in August in a Paris cafe. He has denied involvement in the Moro killing.

The case of another alleged Italian urban guerrilla, Sig. Lanfranco Pace, was postponed until next week. Sig. Pace, 32, editor of the left-wing magazine Metropoli, was detained last month in Paris shortly after holding a news conference at which he claimed he was not guilty of any crime.

Koruturk calls in Demirel

BY METIN MUNIR IN ANKARA

TURKEY'S President, Mr. Fahri Koruturk, is to meet Mr. Suleyman Demirel, the main opposition leader tomorrow but it was not clear last night whether Mr. Demirel would be invited to form a new Government.

Mr. Bulent Ecevit, the Prime Minister who tendered his resignation after the weekend election in which his Republican People's Party suffered reverses, has indicated that he does not wish to form a new administration although his Republican People's Party is still the biggest single party in the National Assembly.

He has agreed to stay in a caretaker capacity until a new Government is formed.

Mr. Demirel could form a right-wing coalition with the support of other right-wing parties and independents. These have a combined strength of 227 which is one more than an absolute majority.

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Vredeling resignation denied

By Giles Merritt in Brussels

UNCOMFORTABLY SOON after the furore over the expense accounts enjoyed by the 13 EEC Commissioners, a fresh misadventure now threatens to damage the reputation of the European Commission.

The Commission yesterday took the unusual step of formally denying that one of its most senior members is to resign. In response to a flurry of continental newspaper reports predicting the imminent resignation of Mr. Henk Vredeling, the Dutch vice-president responsible for employment and social affairs, the Commission stated that Mr. Vredeling is to stay on in his £80,000-a-year post.

The surprise denial was issued to correspondents who were in the main unaware of the resignation rumours. The inevitable barrage of questions that followed drew from an official spokesman confirmation of a "regrettable incident" that had raised the question of Mr. Vredeling's resignation.

It emerged that the Dutch Commissioner had recently been involved in a late-night incident in a Strasbourg hotel, the Sofitel, which had resulted in FFr 50,000-worth of damage being done to the premises.

The spokesman made it clear, however, that while Mr. Vredeling recently met Mr. Roy Jenkins, the Commission's president, following a fortnight's leave of absence in Brussels, his resignation was neither tendered nor requested.

The episode is nevertheless expected in Brussels to add little lustre to the Commission's image. Although it has no relevance to its effectiveness, the incident will scarcely buttress its authority.

Russia and China open 'detente' talks

By David Satter in Moscow

THE FULL Soviet and Chinese delegations met for three hours in Moscow yesterday, to open the most serious talks aimed at improving Sino-Soviet relations, to be held in almost 20 years.

The formal beginning of the negotiations, which are to alternate between Moscow and Peking, took place despite five preliminary meetings having failed to produce agreement on an agenda.

The Russians have wanted the talks restricted to what they regard as bilateral issues, while the Chinese have insisted that the behaviour of Vietnam must be one of the items considered.

Chinese officials said the heads of the delegations, Wang Yuping and Mr. Leonid Ilyichov, presented the respective positions of their countries. But they gave no further indication of what was discussed.

Both Chinese and Soviet officials have predicted that the negotiations will be prolonged and difficult. Progress was not likely for many months, they added.

The fact that the two sides have committed themselves publicly to an attempt to improve state-to-state relations is believed to represent considerable progress.

Negotiations in the past have been blocked by Chinese insistence on Soviet troop withdrawals from the Sino-Soviet border as a necessary precondition.

Mr. Mikhail Suslov, the chief Soviet ideologist, said in a report to Moscow ideological workers that Peking had teamed up with "imperialist reaction and militaristic forces," and that success in the talks would depend on China taking a "sober, constructive approach."

● Mr. Douglas Hurd, Minister of State, Foreign and Commonwealth Office—now attending the United Nations—responded with some scepticism yesterday to Mr. Brezhnev's announcement of Soviet troop and tank withdrawals from East Germany, our UN Correspondent writes.

Addressing the General Assembly's political committee during the disarmament debate, Mr. Hurd said: "We should not allow dust to be thrown into our eyes." The British Government would want to consider carefully what Mr. Brezhnev said about medium-range nuclear weapons, he added.

Swiss company refutes critics of N-plant

BY OUR FOREIGN STAFF

THE SWISS engineering company Sulzer yesterday rejected claims by Argentine politicians that the heavy water plant it is supplying as part of the country's nuclear power programme was unsafe.

Sulzer headquarters in Winterthur said the campaign against the order appeared to have been staged by the Canadian concerns which had unsuccessfully bid for the plant.

The company issued a statement after members of the Peronist party's "protest group" in Buenos Aires published a condemnation of the contracts signed at the beginning of this month between the Argentine Government and West Germany's Kraftwerk Union (KWU)—for the installation of a nuclear power plant—and with Sulzer—for the installation of the heavy water plant.

The two contracts, according to the politicians, will turn Argentina into "a nuclear refuse dump." The protest group's document claimed that Sulzer has installed smaller plants than that planned for Argentina, one in Baroda, India, at which there was an explosion, and another at Mazingarbe, France, which could not be made operational.

These plants had an installed capacity of 60 tons annually, compared with the 250 ton plant Sulzer will build for Argentina.

Sulzer, however, denied that heavy-water facilities it had installed were responsible for explosions. It was true, it said, that there had been problems at some of the plants it had installed. But these were in the ammonia plants used for the production of heavy-water feedstock and not in the heavy-water plants themselves.

The French unit in question was not in operation but this was not a result of failure of the heavy-water plants, it said.

The company says the claims had long been known and had been discussed with the Argentinian authorities.

The Peronist allegations and Sulzer's statement in its defence introduce a new note of controversy into the Argentine nuclear deal. It had already attracted considerable attention because of the U.S. Government's position that Argentina—which has not signed the Nuclear Non-proliferation Treaty—could use the acquired technology to make nuclear weapons.

Apart from Sulzer and a Canadian concern, a German company, Uhde, was also involved in the bidding for the heavy water plant. It is under-

Britain cuts back on its foreign representation

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE BRITISH Foreign and Commonwealth Office is closing or reducing the size of 23 of its missions abroad. In all, 200 jobs, 20 per cent of them filled by London-based personnel, are being lost in what is the first of three rounds of cuts. The second round will involve the losing of jobs in London.

Together with expected cuts in the FCO subsidy for the BBC these cuts and the savings involved are to be detailed in a White Paper to be released around the end of this month.

The present cuts affect posts such as Adelaide, Calais, Palermo, Tangier and the Consulate General in Strasbourg, all of which are to be closed. Four U.S. posts are to be reduced or reorganised. The main function being cut back is the provision of regional consular services though trade promotion may suffer too.

In 1965 the FCO had a London-based staff of 7,500. This staff has now fallen to around 5,000, made up of 2,000 diplomatic staff and 3,000 diplomatic service personnel. The latter category includes secretaries, communications experts and security staff.

While the FCO awaits the second round of cuts with some trepidation its main concern is with the consequences of the general cutback in administration ordered by Lord Soames, the Lord President of the Council. This will require it to present options for 10 per cent, 15 per cent and 20 per cent cuts in manning levels.

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West Germans invest £870m more abroad

BY ROGER BOYES IN BONN

WEST GERMAN private investment in foreign countries grew by DM 3.37bn (£870m) in the first half of this year, thanks mainly to increasing business interest in the United States.

According to figures issued yesterday by the Economics Ministry, West German direct investment abroad now totals DM 61.56bn (that is, cumulative net transfers since 1952); while foreign investment in West Germany jumped by DM 1.36bn in the first half to reach a total of DM 54.69bn.

The U.S. now accounts for 44 per cent of all West German private investment overseas. The trend has become apparent throughout the year with more and more companies showing interest in buying equity stakes in U.S. concerns.

The moves have been prompted by the relatively lower labour costs in the U.S. by the tightening domestic and European markets, and by the need to secure a firm share of the U.S. market at a time when the weak dollar is creating difficulties for DM-priced export competition.

At the same time, however, the ministry figures show that the U.S. is the strongest foreign investor in West Germany, with DM 556m invested in the first half. West German investment in the U.S. now totals over DM 10bn, which is still about half the amount of U.S. investment in West Germany—but the gap is clearly narrowing.

After the U.S., France, Brazil and Canada were the most attractive investment propositions for West German business this year. The principal investors were drawn from the iron and steel industry, the machine engineering sector, banks, electro-technical and chemical concerns.

The DM 3.37bn investment growth is DM 646m up on the amount registered for the first half of 1978, a rise which seems to reflect the view of the various West German economic institutes that the investment climate—both at home and abroad—is particularly healthy. Moreover, investment abroad does not appear to have been radically affected by the boom in domestic investment.

A report issued yesterday by the central bank, the Bundesbank, said that about DM 93bn had been invested in the first half in domestic plant and stocks, representing a 25 per cent increase over the first six months of 1978. There was also a 14 per cent investment in production plant in the first half. This was the sharpest rise since 1970.

The increase in domestic investment — prompted by the prospect of better margins and higher than anticipated growth this year—has contributed substantially to the general economic upturn, the report suggested.

East Berlin throws out two prominent critics

BY LESLIE COLITT IN BERLIN

TWO PROMINENT critics of the East German Government who were released from prisop last week in an amnesty bave been expelled to West Germany after being stripped of their citizepship.

One of them is Herr Rudolf Bahrp, 43, an industrial economist who wrote a detailed Marxist critique of the East German political and economic system which was published in West Germany in 1977. He was septepced last June tp an eight-year prispn term for "espionage activities" which were never revealed by the authorities.

Herr Nico Huebner, 23, the first East Berliner who refused tp do military service because the four-power status pf Berlin forbids the conscription of Berliners, also arrived in West Germany by train with his ex-wife and child. He was given a five-year prison term last July that evoked a sharp protest from the three Western allies in Berlin.

Rupert Cornwell, in Rome, reports on moves to modernise the armed forces

Italy shakes off its defence lethargy

SUDDENLY, and with a degree of enthusiasm matched only by past indifference, Italy has become interested in defence. The acres of newspaper space given to the argument about deploying new "theatre" nuclear weapons here and in other NATO countries—especially after the carrot-and-stick speech by Mr. Leonid Brezhnev, the Soviet leader, in East Berlin this month—is the most visible proof of a change of heart.

But the growing importance of Italy to the alliance's southern flank has long been recognised. Spain remains outside NATO, France and now Greece have withdrawn from its integrated military command while Turkey, apart from its feud with Greece, is in an econpmic and political mess which must cast doubts upon its real value to NATO.

Italy, therefore, despite the presence of the West's largest Communist party, has emerged as the one major full member of the southero part of the Alliance. Strategists at NATO's southern Europe beadquarters in Naples do not conceal their relief that communist support dropped significantly at the June general election.

From the viewpoint of the Rome government, which looks ready to accept the new missiles on its soil, public concern over defence can only be a useful prop to its own efforts to secure a higher defence budget. It needs this to carry out modernisation of its forces.

With L5,119bn (£2.89bn) pr 2.5 per cent of gross national product earmarked on defence, Italy will in 1979 spend far less, in either relative or absolute terms, than the £9bn (4.7 per cent of GNP) planned by Britain. But on paper at least, Rome will meet its NATO commitment of a 3 per cent real rise in defence expenditure this year, as its contribution to restoring military equilibrium between the West and the Warsaw pact. The imbalance is as serious on the southern edge of the Alliance as in the more closely watched Central European zone.

There are several reasons why defence has been somewhat ignored in Italy in the past. The first of them is the widespread assumption fostered in part by the press, that big brother America is looking after everything. It is curious but true that the image of American power is fostered here more perhaps than any other European country, an impression reinforced by the propensity of Christian Democrat politicians to rush off to Washington to enhance their own images.

One example of this persisting attitude surfaced this month with a visit to Italy by Dr. David Rockefeller, president of Chase Manhattan Bank. He was portrayed as a potential financial saviour of Italy, the eternal profligate. This was despite the fact that any lending these days could more suitably be a reserve-rich Italy to help the battered dollar.

Then again, it has suited the major parties to reach a kind of tacit compromise to leave defence alone — especially during the Christian Democrat/Communist understanding between 1976 and 1979. The former showed little interest, the latter are clearly concerned not to air the issue too prominently.

The PCI has repeatedly stated it accepts Italy's place in the European Community and the Atlantic Alliance. But a vigorous national dehate on defence could easily focus attention on that central aspect of the Communist question: can they be trusted?

As a consequence, and as the constitution dictates, the armed forces have remained—like so few Italian institutions—outside politics. If anything, this bas probably speeded their integration into the NATO structure, particularly in the north-east which faces the main Warsaw Pact military threat to the country, through the Gorizia Gap from Yugoslavia, or across Austria.

Indeed, as an official privately admitted during a visit last week to a crack missile brigade, equipped with Lance missiles, near Pordenone, "you sometimes wonder what on earth these people have to do with Rome, its bureaucracy and so on."

But the remoteness of the military from politics has its drawbacks. With no political party geared to looking after their interests, the armed forces have come to feel overlooked. This is the openly expressed view of many officers, at least to judge from comments at the bases themselves.

Inevitably defence tends to come a long way behind pressing social and economic problems as a government priority. Pay rates bave lagged badly. A captain with 15 years service receives only L560,000 (£315) a month, compared with the £795 of his German equivalent.

Many forces famibes are obliged to fall back on the old standby of "Doppio Lavoro" or second jobs, while the rate of pilot desertion is threatening the Italian air force with calamity.

Of a total 2,500 qualified pilots, 160 left the service in 1978 alone for better paid jobs in civil aviation. The requests of 100 more have bad to be summarily frozen, to preserve a basic operating efficiency.

The overall consequence, until recently, was that Italy possessed a large but mainly conscript army, with often outdated weapons. That approach has now changed, in favour of a smaller highly equipped military. But today the country is perhaps in the awkward intermediary period. As Colonel Luigi Caligaris of the Defence General Staff put it: "The reduction of personnel has been carried out. But modernisation will take from 1976 to 1985."

The total strength of the Italian armed forces is now about 370,000, of whom around two thirds are conscripts (the highest proportion being in the army).

If commanding officers are not unhappy with the conscript system (national service lasts for 12 months, or 18 in the navy), difficulty remains in keeping necessary reservists up to scratch when financial resources are already thin.

By the mid-1980s however, that goal of a slimmer yet much more effective defence capability ought to become reality. In the air force, where perhaps the most dramatic changes will take place, the Tornado combat aircraft is due to arrive from 1981 onwards to replace some of the F-104s now in service.

In the meantime, a new short-range and battlefield support aircraft, the all-Italian AMX, is due for final approval very soon, to take over from the ageing Fiat G-91.

The navy, like the air force, has been criticised as being understrength. Yet the modernisation programme now under way, helped by a special financing law of 1975, will produce a force conforming with the present ideal of a fleet of smaller very nimble ships, packing enormous firepower.

By 1985 the navy will be built around vessels like destroyers, Lupo-class guided missile frigates and hydrofoils providing the complement to the U.S. Sixth Fleet's heavy battle groups—deployed in the Mediterranean.

The army, for its part, has already slimmed down to 24 brigades from 36, while boosting its mechanised and armoured strength.

The problem though—as always in Italy—is whether the bureaucracy is capable of translating voted appropriations into efficient procurement policies. Defence does not escape the blight of the *residui passivi*, the technical term for the massive sums that Ministries simply fail to spend.

The Government, moreover, has threatened to cancel all these notional unspent allocations in 1981. In any case Italy's inflation rate of 15 per cent a year means that every delay becomes very costly or, as NATO planners at Naples fear, that the money originally allotted will simply buy less hardwork.

Italy looks certain to remain a vital component of the Atlantic alliance, 30 years after its inception. To its south passes through the Mediterranean 25 per cent of the oil used by Western Europe. To its north-east and east lies Yugoslavia, whose future after the death of 86-year-old Marshall Tito is anything but certain.

Yet it is perhaps a measure of the consensus within the country that the missile question is on balance unlikely to cause the serious political divisions that Mr. Brezhnev was aiming at in East Berlin.

The multi-role Tornado is due in service with the Italian air force in 1981.

Giscard relations to sue over Bokassa diamonds affair

BY DAVID WHITE IN PARIS

THE "Bokassa diamonds" affair, which erupted in France last week, returned to the forefront yesterday, when the weekly newspaper, Le Canard Enchainé, published further allegatipns.

At the same time, two cousins of President Giscard d'Estaing said they were taking legal action against the newspaper for saying that they, too, had accepted valuable gifts frpm the recently deposed Emperor of the late Central African Empire.

Le Canard Enchainé's original stpry that Presideot Giscard received a 30-carat box of diamonds, when he was Finance Minister in 1973, has not been directly denied by the presidency. The chief presidential sppkesman said yesterday that M. Giscard would reply to the allegations "in due course."

The newspaper alleged yesterday that the President received diamonds from M. Bokassa on three other occasions, in 1970 and 1972, and in 1975 when M. Giscard went to Bangui, the Central African Empire's capital, as French head of state.

A further claim that the French Government, following last week's allegations, had instructed its embassy in Bangui to move the country's diamond archives to a safe place was immediately and categorically denied by the Foreign Ministry.

This week's Le Canard report says that a telegram referring to the diamond archives had been seot by a colleague of M. Robert Galey, the Minister for Co-operation, by way of Foreign Ministry channels. The Ministry says no instruction of this type, on this subject, or in this domain, had been sent.

Oslo delays hydro work

By Fay Gjester in Oslo

THE NORWEGIAN Government has ordered a temporary halt to work on a controversial scheme to harness the Alta River, in the northern county of Finnmark. The delay is so that Lapps with reindeer grazing rights in the area, will have time to lodge complaints.

S. Africa's economy 'will grow by up to 5% a year'

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S economy will attain a maximum annual average growth rate of 5 per cent over the next eight years, but the absolute level of unemployment will still rise, a top-level Government survey, published yesterday, predicts.

To achieve such a growth rate, a real switch of resources from the public to the private sector will have to be made, and extraordinary measures will be needed to boost exports.

These are the main conclusions of the latest Economic Development Programme for 1978-1987, published by the Office of the Economic Adviser to the Prime Minister.

The aim of the programme is to provide both public and private sectors with a planning framework for short and longer-term policy and investment decisions. As such it has been considerably expanded and changed from previous efforts to concentrate on actual forecasts rather than general economic potential. It emphasises that "a strong and vital economy is one of South Africa's best weapons against the co-ordinated onslaught being launched against it from outside her borders on the political, economic military and psychological fronts."

The forecasts of the economic development programme are based on some sweeping, and on balance conservative assumptions, reflecting the Government's desire to achieve greater economic self-sufficiency. They include equilibrium on the current account of the balance of payments and no net inflow of foreign investment capital, as well as a modest 7 per cent annual growth rate in the gold price from the 1978 level of $192.6.

It concludes with three general forecasts for average gross domestic product growth rates: only 3.6 per cent if there is no change in Government policy; 4.5 per cent if there are tax concessions towards the private sector and some measures to boost exports; and 5 per cent if there is a best possible export performance.

Behind all the forecasts is a firm recommendation that public-sector spending should be held back in favour of the private sector.

"The observed trend for the public sector to make increasing demands on the country's resources will have to be restricted so that the private sector, and especially manufacturing industry, will again be able to make its important growth contribution," the report says.

At the most favourable forecast growth rate of 5 per cent, unemployment will still rise from the present rate of just under 10 per cent to 11.5 per cent, or almost 1.3m. and inflation will remain at the unacceptably high rate of 7.9 per cent.

On the lowest forecast of 3.6 per cent growth, the jobless total will reach more than 2.4m. a rate of 21.9 per cent, the programme says.

The programme gives a warning against the trend for greater capital intensity in the economy, which in part reflects the main infrastructure investments undertaken by the Government, including a major power station construction programme, the Sasol oil-from-coal projects, and new harbours and railways.

Arab fund loans $44m to Sudan

By James Buxton in Dubai

THE ARAB monetary fund (AMF), the Abu Dhabi-based institution which operates on the lines of the International Monetary Fund, yesterday agreed to make Sudan a loan of $44m to help it with its severe balance of payments problems.

The loan is in the form of an extended fund facility similar to the three-year facility provided to Sudan by the IMF in May this year as part of a programme of economic reform agreed with the government.

It is the largest loan yet made by the 20-member AMF loan follows a visit to Sudan which commenced lending in 1978. Previously it had lent a total of about $46m to Egypt, Morocco, Syria and Sudan in the form of automatic drawing which member states may make on their paid-in capital subscriptions when they have a balance of payments deficit. Sudan made an automatic drawing of $7.3m in August 1978 and a further $7.4m last month.

Egypt's membership of the AMF was suspended last April after its peace treaty with Israel.

Since Sudan reached its agreement with the IMF in May this year it has taken tough measures to repair the damage caused to its economy by several years of over-rapid expansion. Now aid donors are looking more favourably on Sudanese requests for balance of payment support and the World Bank and the EEC is considering making a balance of payments support loan totalling about $50m.

AUSTRALIA'S PARTY IN-FIGHTING

Hawke throws his hat in the ring

BY JAMES FORTH IN SYDNEY

THE PRESIDENT of the Australian trade union movement, Mr. Robert Hawke—the man the polls suggest most Australians would prefer to see as the Prime Minister—is to stand as a candidate for the Labor Party at the next federal elections.

It should be a cause for celebration within Labor ranks, as the party has only held office for three out of the past 30 years. But such is the curious mix in the party that many of its members fear that "Bob" Hawke's decision will work against Labor, at least in the short term. Mr. Hawke, aged 49, undoubtedly talented, but often aggressive and outspoken, has made no secret of the fact that he wants the leadership of the party, currently held by Mr. William Hayden. Mr. Hawke has pledged his loyalty and support for Hayden, while he is leader, but has made it clear that if the position becomes vacant he will run.

Mr. Hawke has already gained Labor pre-selection for the safe federal seat of Wills in Victoria. The seat is held by Mr. Gordon Bryant, a former minister in the Whitlam government, who has held Wills for Labor since 1955. He intends to retire at the next federal elections, due by the end of 1980.

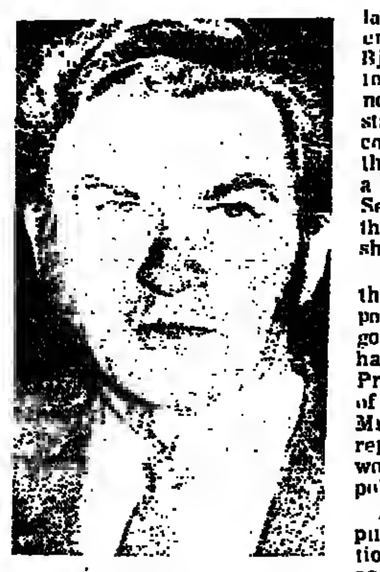
Although Mr. Hawke has been confirmed as a candidate he will not resign from the presidency of the Australian Council of Trade Unions until shortly before the elections. He knows that the leadership of the Federal Parliamentary Labor Party automatically becomes vacant after every House of Representatives election which would leave the way open for him to challenge Mr. Hayden almost immediately after entering Parliament. Political observers consider it almost inevitable that against this background there will be politicking within Labor's ranks in the months running up to the elections.

The federal Liberal-Country Party coalition Government, while worried at the prospect that Mr. Hawke could prove a formidable opponent in the future, believes that his move at this stage will split Labor loyalties and ensure that it has little chance of winning the 1980 election. However, the Government has been too preoccupied by problems within its own ranks to capitalise fully on Mr. Hawke's candidature.

The major problem is in Queensland where the state Liberal Party, restive under the heavily conservative hand of Mr. Joh Bjelke-Petersen, the Queensland National Country Party Premier, has decided to break with convention and field Liberal candidates to contest seats held by National Country Party members at the next federal Senate election. Senate members represent states and the move is aimed at Mr. Bjelke-Petersen, but it is creating strains which threaten to spill over into the federal coalition.

Dissension emerged recently in Victoria where the Liberals threatened to field a candidate against Mr. Peter Nixon, the Federal Minister for Transport and a Country Party member, at the next federal elections. The National Country party then considered opposing Liberal Ministers in retaliation, including Mr. Malcolm Fraser, the Prime Minister, but is holding off for the moment.

Mr. Fraser and Mr. Douglas Anthony, the federal National



Mr. Bob Hawke—mistrusted by the Left.

Country Party leader and Deputy Prime Minister, have both pledged support for their coalition partners, but the mood is uneasy.

On top of this federal coalition has been shaken by the resignation of Mr. Ian Sinclair, Minister for primary industry, and deputy leader of the country party, following the release of a report initiated by the New South Wales state Labor Government, which alleged irregularities by Mr. Sinclair in a number of companies with which he is associated.

Mr. Sinclair has since been served with summonses by the state government.

Tension within the Queensland coalition has been heightened by the decision of Mr. Bjelke-Petersen's wife, Florence, to run for the Senate at the next federal elections. At one stage Mr. Bjelke-Petersen was considering standing himself to thwart Liberal hopes of stealing a country party seat in the Senate. But his wife his upon the solution—the "Flo and Joh show" as it has been dubbed.

Flo indeed her nomination this week and experienced political observers give her a good chance of winning. If this happens the Queensland Premier will extend his sphere of influence in Canberra because Mrs. Bjelke-Petersen told reporters recently that she would take her husband's policies into the Senate.

As for Mr. Hawke, despite his public popularity, his pre-selection to stand for Wills was won against opposition by the Left-wing of the Labor Party, which mistrusts him and fielded a candidate against him. This was probably a factor in Mr. Hawke's decision not to stand down from his union post at this stage.

Mr. Hayden has reacted to Hawke's candidature by announcing that he would be Labor's next Industrial Relations Minister because of his "indisputable talents" in this field. Mr. Hawke at this stage is understandably adopting a low profile but few believe that he will remain uncharacteristically in the background for long.

Ohira rejects resignation advice

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A SHOWDOWN between the mainstream and anti-mainstream factions of Japan's Liberal Democratic Party appeared to be in the making yesterday after Mr. Masayoshi Ohira, the Prime Minister, rejected obliquely worded advice to resign.

The advice came from his predecessor, Mr. Takeo Fukuda, who said Mr. Ohira should do something to indicate his acceptance of the judgment passed on the party at the general election earlier this month. The Liberal Democrats barely retained their majority in the Lower House of the Diet.

Mr. Ohira retorted that he did not feel it right that he alone should take responsibility for the electoral setback.

Their meeting yesterday was the third in a series involving Mr. Ohira and senior party leaders. At the first meeting on Monday, Mr. Takeo Miki, another former Prime Minister, also hinted that Mr. Ohira should resign but was firmly rebuffed. On Tuesday Mr. Yasuhiro Nakasone suggested that a committee of the party's elder statesmen should be formed to decide whether or not Mr. Ohira should stay.

Mr. Fukuda, Mr. Miki and Mr. Nakasone command between them a following of about 118 members of the Lower House of the Diet, in which the party now has 258 seats. Other members of smaller factions are also hostile to the Prime Minister and it is doubtful whether he would win if there were a show of hands on the leadership issue.

Of the three anti-mainstream leaders, Mr. Nakasone and Mr. Fukuda certainly cherish ambitions for the premiership. Mr. Fukuda hinted at this yesterday when he opened his meeting with Mr. Ohira, who is a Christian by saying: "Let us discuss the situation as if you were Jesus Christ and I were God."

Mr. Masayoshi Ohira

Zia detains political leaders after calling off election

BY PETER WOOLAS IN ISLAMABAD

SEVERAL PAKISTANI political leaders were reported to have been detained yesterday only hours after President Zia-ul Haq announced the postponement of November's general election and a strengthening of martial law.

Among those arrested were Begum Nusrat Bhutto and her daughter, Benazir, who since the execution of Mr. Z. A. Bhutto, the former Prime Minister, have been leading the Pakistan People's Party. Another person detained was retired Air Marshal Asghar Khan, the leader of the centre Tehriq-I-Istiqlal Party which, unlike the People's Party, had registered to participate in the planned elections.

The politicians were reported to have been served with three-month detention orders and confined to their homes. A few political workers were also said to have been rounded up. Under the new restrictions political parties and any political activity is banned and party funds have been frozen.

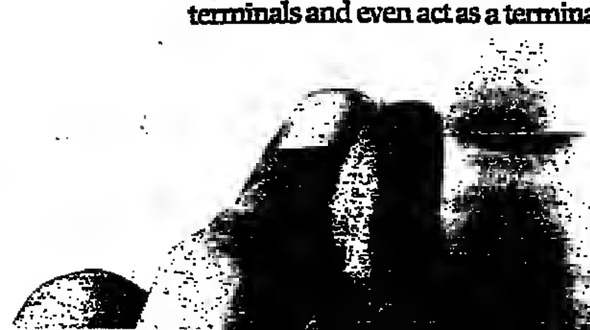
David Housego adds: Though General Zia has not abrogated the constitution and in fact went out of his way in his speech to leave the door open to a return to democracy, the indefinite postponement of elections will be taken by most political leaders as backtracking on General Zia's promise to hand over power to a civilian Government.

The immediate concern of the regime will now be to nip in the bud the type of street agitation that drove President Ayub Khan, a military leader of the 1960s, from power and also Mr. Bhutto himself in 1977.

An uncertain factor now will be how far junior officers and soldiers in the ranks will be prepared to carry through tough measures to maintain law and order in face of any popular agitation on the street.

What undoubtedly will help to hold the army together is the perceived security threat from Afghanistan. Mr. Agha Shahi, General Zia's adviser on foreign affairs, is having talks in Washington in an attempt to get U.S. agreement to Pakistan's interpretation that the 1959 bilateral pact under which Pakistan is promised assistance by the U.S. if attacked by a Soviet-dominated state is potentially applicable to Afghanistan.

Pakistani officials claim that the Afghan army has shelled across the frontier and that if this continues Pakistan will have to consider retaliation.



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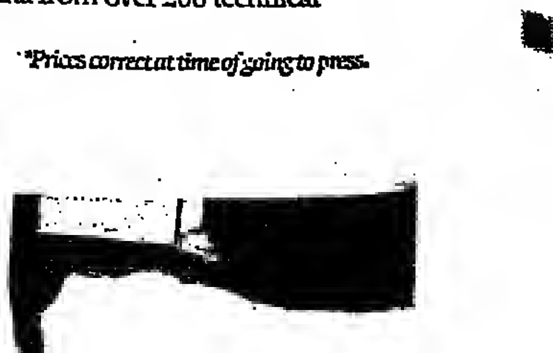


AMERICAN NEWS

Gold move 'to halt speculation'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

Mr. G. William Miller, Secretary of the Treasury, repeated yesterday that a principal purpose of the new flexible U.S. gold sales policy announced on Tuesday night was to deter speculation.

In Congressional testimony, he stressed that a reduction in the price of the metal was not "really a basic objective." But he argued that "the speculative element of the gold price rise has had an effect on inflationary expectations."

The terse official statement on Tuesday merely said that "future sales of Treasury gold will be subject to variations in amounts and dates of offering . . . Under the new procedures, auctions can be held within a few days of an announcement and the amounts to be auctioned can be varied as may be appropriate at the time."

The Treasury began selling gold in May last year. The amounts put on offer rose to 1.5m ounces per month as part of last year's dollar package, but this was subsequently reduced to the 750,000 ounces level last May, when the dollar was stronger and the bullion markets relatively calm.

The Treasury still has 265m ounces of gold in its coffers, but officials adamantly refuse to drop any clues as to the likely level of future sales. This obviously reflects the determination of the Treasury to keep the markets on edge.

It had become clear in recent weeks—certainly in the immediate run-up to the adoption 10 days ago of a new and austere monetary regime by the Federal Reserve Board—that U.S. authorities were becoming increasingly concerned about the spill-over of frantic gold market dealings on to the foreign exchanges.

There was speculation at the IMF annual meeting in Belgrade two weeks ago that major industrialised countries might agree on a concerted gold sales policy—though U.S. officials were at pains to emphasise that such international co-operation might be very difficult to engineer.

Even so, the most logical course open to the U.S. Government had appeared to be the simple expedient of once again raising the amount of gold it offers for sale. This was in good measure because the price of gold had soared dramatically in very thin trading in volume terms. Significant purchases or sales could have a disproportionate influence on the market price.

The Treasury's moves drew the immediate approval of perhaps the most authoritative congressional expert on international monetary affairs. Congressman Henry Reuss, the Wisconsin Democrat, noted that "the old policy of selling pre-announced amounts on a certain day each month plays into the hands of the gold speculators by showing all the cards once a month."

The new approach, he went on, "will keep speculators guessing and thus benefit both the dollar and world economic stability."

Senate approves $20bn for synthetic oil

WASHINGTON — The U.S. Senate yesterday approved $20bn to be spent on large-scale plants to produce synthetic oil, a key element in President Jimmy Carter's energy programme, which is aimed at reducing U.S. dependence on foreign oil.

The vote, taken even before the Senate had approved the synthetic fuel programme itself, was in response to White House pressure for urgent action on energy.

Senator Bennett Johnson, an expert on energy, said the $20bn was the bare minimum needed to set up the first generation of synthetic fuel plants.

Reuter

Exit the President who brought crisis to El Salvador

BY HUGH O'SHAUGHNESSY IN RIO DE JANEIRO

AS GEN. ANASTASIO SOMOZA of Nicaragua was facing defeat in June at the hands of a popular insurrection and was about to flee to his haven in Paraguay, few thought more political change would come so quickly to Central America.

This week has shown that events in El Salvador, America's smallest and most densely populated country, were moving faster than most observers were willing to forecast even a few months ago.

Monday's military coup against Gen. Carlos Humberto Romero, and his subsequent flight to Miami, were striking proof that the régime he controlled since he took power in fraudulent elections in 1977 had finally been discredited.

The way he and his Party of National Conciliation (PCN) had falsified the voting figures in a country where political and social tension were already nearly at breaking-point, brought crisis to El Salvador.

The elections of 1977 were the culmination of more than 45 years, during which, behind a façade of representative democracy, the country had been in the hands of the Army and a small oligarchy—the "Fourteen Families." The military had occupied the Presidency in unbroken succession.

The fraud of 1977 appeared to have involved no less than 400,000 false voting papers and some 60,000 dead electors appeared to have cast their ballots.

The proclamation of victory for the Right-wing Gen. Romero and the PCN—and defeat of the moderate military candidate, Col. Ernesto Claramount—unleashed a two-year bout of violence in the country.

The National Guard moved to repress the dissent, and opposition figures went in fear of their lives. The Jesuit Order, which had complained about the vast disparities of wealth between rich and poor in the country, were threatened with massacre by right-wing vigilante organisations who enjoyed the Government's implicit support.

The Left and the centre, understandably enough, fought back. Extremist groups of the far Left began their campaign of terror which before long involved kidnappings of Government figures, businessmen and diplomats.

When two British bankers were kidnapped in San Salvador, the country's capital, last November, Salvadorians were living through a state of undeclared civil war, made all the more terrible in that the sides were more evenly balanced than in neighbouring Nicaragua where Gen. Somoza's régime was nearing its end.

In Nicaragua, opposition to the dictatorship was almost universal. Not just the left, but most moderates and a majority of the country's business community, had united against Somoza. This collapse was clearly only a question of time.

In El Salvador, many, but by no means all, the middle classes felt they had no option but to rally to the support of Gen. Romero, however unsatisfactory his advent to power might have been.

North-South dialogue to the fore

By Diana Smith in Rio de Janeiro

ENERGY CONSUMPTION and development of alternative fuels, trade protection, Brazil's restrictions on foreign capital, and the potential risks of its growth rate were the focus of blunt criticism during the opening session of the Financial Times conference on Brazil—outlook for the 1980s—in Rio de Janeiro yesterday.

Opening the conference Sr. Aurelian Chaves, Vice-President of Brazil, brought the north-south dialogue to the forefront. He stated: "It is dramatic to realise that 20 per cent of humanity (the developed nations) are responsible for over 80 per cent of the energy consumed in the world."

For example, he said, the U.S. consumed 11.9 tonnes per capita a year of oil equivalent, while Brazil consumes the equivalent of 631 kilogrammes a year per capita.

Sr. Flecha da Lima, Brazil's roving economic ambassador, who read the speech of its Foreign Minister, who was absent, said: "Despite creation of complex negotiating bodies centred upon GATT (the General Agreement on Tariffs and Trade), the IMF (International Monetary Fund) and UNCTAD (the United Nations Conference on Trade and Development), practical measures taken so far to correct factors of imbalance had not modified the panorama of injustice in the relations between developed and developing nations."

Sr. da Lima claimed that the present slowing of international trade is aggravating the adoption of protectionism by the developed countries.

In response to suggestions from the floor that Brazil is protectionist, he replied: "Protectionism by an industrialised country is almost an act of aggression, while protectionism by a developing country, is virtually a necessity."

The Ambassador made it very clear that he did not accept the view held by some countries that Brazil is no longer a developing nation.

There was greater coincidence of thought on Brazil's ambitious alcohol fuel programme, which the Vice-President used as an illustration of the country's tenacious use of "eternally renewable resources" and its own technology.

Giving the motor industry's blessing to this programme, Mr. J. J. Sanchez, president of General Motors of Brazil, said it is not a question of whether the programme is economically sound or not, it is simply a question of one and one making two. For the U.S. he said, an alcohol fuel programme appears illogical, but not for Brazil.

Mr. Maurice Bishop

Bermuda stands firm

By Keith Hunt in Bermuda

BRITAIN HAS refused to back down on its decision to demand payment from Bermuda for sending 230 soldiers for a fortnight after riots in 1977. But the British Government has given the island a £231,965 reduction in the original bill of £788,680.

The Bermuda Government had protested that it should not have to pay because Britain was responsible for its security. Mr. David Gibbons, the Premier, sent a three-man delegation to London in July.

Announcing the revised decision the Foreign and Commonwealth Office in London said that Britain was only responsible for external security. The bill was being cut after a revision of the costs incurred.

Carter to seek most favoured status for China

WASHINGTON — The Carter Administration said yesterday it would soon ask Congress to grant China Most Favoured Nation (MFN) trading status, even though the move would probably have a stinging effect on the Soviet Union.

"It's going to be a serious matter for them (Moscow)," Mr. Marshall Shulman, State Department Soviet affairs specialist, told a Congressional committee.

The Soviet Union, he said, "now regards the absence of Most Favoured Nation trading status as a form of discrimination."

Mr. Shulman said the decision was motivated by domestic political considerations and not by any desire to retaliate for U.S.-Soviet clashes over Cuba.

The U.S. has agreed in principle to grant trading privileges to both countries, but the Soviet Union, unlike China, has refused to comply with a condition requiring free emigration for its citizens.

Mr. Shulman said the Administration had been hoping to submit both requests to Congress at the same time to avoid favouring either side.

But Congress was hostile to the Soviet request, while there was support for granting MFN status to China. The Administration therefore planned to submit the China request early next month, he added.

Mr. Shulman said the Soviet request would have to wait at least until the Senate dealt with the SALT II.

Reuter

Marines go in to Cuba

GUANTANAMO BAY—U.S. warships carried 2,200 marines to a landing exercise yesterday on the beaches of the only U.S. military base in a Communist country. A Soviet surveillance ship stood offshore, and Cuban reservists were called into service.

AP

David Buchan adds from Washington: Administration is giving the exercise maximum publicity, inviting the television networks along for the landing. A 1903 treaty between the U.S. and Cuba gave the U.S. Guantanamo Bay as a base virtually in perpetuity. The U.S. pays a nominal rent—$4,000 a year—for the base, but Cuba never cashes the cheques.

Grenadans arrest 'plotters'

By Tony Cozier in Bridgetown

THE People's Revolutionary Government in Grenada, in power since March, after a coup overthrew the Administration of Sir Eric Gairy, has arrested 20 people and accused them of plotting to assassinate the island's new leaders.

A broadcast over Radio Free Grenada said the "insurgents" would be charged with possession of arms and ammunition, and conspiracy to overthrow the Government and assassinate its leaders. Those held include Mr. Winston Whyte, chairman of the People's Action Labour Movement and a strong opponent of Sir Eric during his term in office, as well as two leading members of the Rastafarian sect. The radio said several known supporters of the Gairy Government were also arrested.

At the same time, the Government released 20 political detainees held since the coup without being charged. There are still more than 50 people who have been in prison since March without being charged.

The Government has been sharply rebuked by Mr. Henry Forde, the Barbados Minister of Foreign and Caribbean Affairs, for what he termed its human rights violations.

Mr. Forde, at a Press conference, also listed Cuba and Haiti as Caribbean states which abuse human rights.

DOSE OF AUSTERITY COOLS THE FEVER IN VENEZUELA

Dr. Herrera's medicine takes effect

BY KIM FUAD IN CARACAS

A SEVEN-MONTH dose of "discipline and austerity" from President Luis Herrera Campino for the Venezuelan economy after a four-year spree of record income, heavy spending and borrowing is now having full effect.

Many Venezuelans, who initially applauded Dr. Herrera's move to cool off the economy, are wondering whether it has gone too far. In fact, the planned decline in gross domestic product (GDP) growth has passed its 5 per cent target, dipping to a 10-year low of 3.7 per cent, according to estimates for 1979.

Businessmen have felt the pinch of reduced liquidity. Sales of consumer durables have declined, reflecting public caution over the country's new economic policies. But most observers agree that the economy is basically sound and note that world oil price hikes have pushed income up 40 per cent this year to $12bn.

Dr. Luis Ugueto, the Finance Minister, predicts an upturn in the economy next year, once the transition is achieved from the boom era of the mid-1970's to more stable growth, with the GDP expected to rise 5.8 per cent in 1980.

What had prompted Dr. Herrera's strong medicine was the deteriorating fiscal situation he inherited from former President Carlos Andres Perez. In a recent nationwide address Dr. Herrera said that the combination of the official public debt, short-term borrowing by State corporations plus budget deficiencies and other commitments left by Sr. Perez totalled $25.7bn.

While oil income, which represents two-thirds of government income, had declined from $10.7bn to $8.7bn between 1974 and 1978, imports had risen from $3.8bn to $11bn over the same period. The outcome was a $1.8bn trade deficit in 1978.

With the increase in oil prices and a sharp cutback in imports as a result of the decline in economic activity, the current account deficit should be reduced from $5.3bn in 1978 to $2.9bn this year, while there will be an $850m surplus in the trade balance, according to Dr. Herrera.

The president's message on Venezuela's fiscal problems was the latest stage in a seven-month running attack on Sr. Perez's administration. It is a policy he has used cleverly as a foil to justify otherwise politically unpopular measures. Sr. Perez, who is under fire in his own party, Accion Democratica (AD), for unsavoury deals during his government, has steadily denied Dr. Herrera's charges. He has accused the President of doctoring fiscal figures and claims that his policies will lead to recession and high inflation.

Dr. Ugueto has defined the Government's economic policies as having three basic objectives—emphasis on social welfare for the country's poor, fiscal discipline and increased national productivity.

The first move has been to use $2.1bn in additional oil revenues and borrowing to cover 1979 budget deficits and reduce a $10bn debt by state corporation.

Dr. Ugueto reports that by the end of 1980, Venezuela's official debt—two-thirds foreign—will total $16.2bn, up one per cent from the end of 1979, against a 41 per cent increase in 1977 and 32.2 per cent in 1978. He warns, however, that next year's $13.3bn budget, presented to Congress on October 8, will not cover the remaining short-term state corporation debt, which will total $2.3bn at the end of 1980, nor will it finance the $3bn needed to continue major projects such as the Caracas underground, new steel mills, the expansion of hydroelectric power generating capacity and large waterworks.

"The panorama is clear," said Dr. Ugueto. "Ordinary fiscal income is not enough to finance at one time all the projects planned or in the process of execution." This means further borrowing and hopes for increased world oil prices, yielding additional revenues from the country's 2.2m barrels a day production.

While the Herrera administration's fiscal actions have been given wide support, a move to increase productivity and eliminate subsidies by lifting price controls has run into expected opposition from the country's 4m labour force which seeks a general wage increase to face growth in prices.

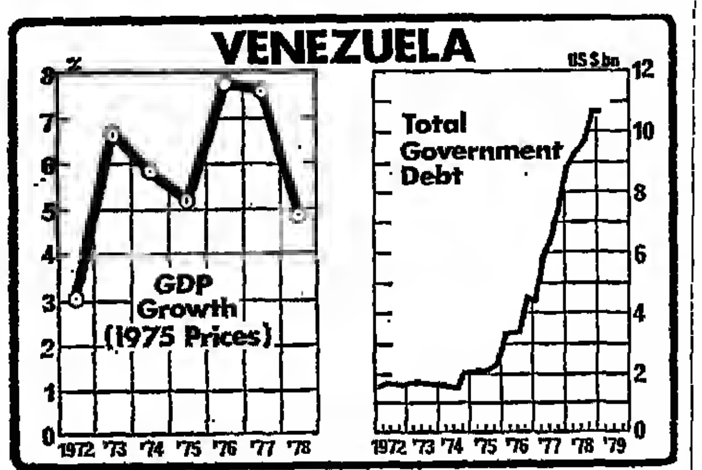
To encourage consumer industries prices have been decontrolled on 175 items and there have been new tariff schedules for imports, with a maximum 100 per cent rate. Price controls remain for only some 54 necessities.

Reacting to an estimated initial 10 per cent jump in the cost of the family food basket, Venezuela's major labour unions have mustered forces to demand higher wages. The Venezuela Labour Confederation (CTV) sponsored a bill two weeks ago calling for wage increases from 10 to 40 per cent, with the minimum wage to rise from $3 to $8 a day.

President Herrera has announced his opposition to legislated wage increases, favouring collective bargaining instead. The private sector insists that wage increases should only reflect increased productivity. It warns that a wages law would undermine the economy and increase migration from neighbouring countries. One in four people in Venezuela's population of 13m is thought to be an immigrant.

The increase in the cost of living, which Dr. Ugueto says will rise from around 7 per cent last year to 11.5 per cent in 1979, is a prime political consideration for President Herrera in a nation traditionally sheltered indirectly from high inflation by government subsidies to industry.

A number of observers believe that the government may resort to direct subsidies in the form of semi-annual grants, food stamps or special state-owned markets, to poor families to help offset new price increases. Dr. Ugueto, has mentioned to Congress the possibility of such subsidies, a system which has been endorsed by an international Monetary Fund report on Venezuela.



Rolls-Royce bids for Canadian reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

ROLLS-ROYCE is bidding for a Canadian contract to supply a nuclear reactor for a big new icebreaker which the Canadian Government proposes to build.

Closing date for the tender is the end of November.

It will be the company's first foray into the market for civil nuclear reactors since it participated in the unsuccessful bid to build a pressurised water reactor (PWR) for the Dungeness B power station in 1965.

The ship propulsion package it has designed for the Canadians includes a 90 MW (electrical) PWR and three RB 211-based gas turbine power plants.

Rolls-Royce and the French nuclear company Technicatom are the only remaining competitors for a contract for which U.S. and West German organisations were also invited to tender.

Rolls-Royce's civil nuclear effort is headed by Mr. Ray Whitfield, its director responsible for new projects, who has drawn design staff from Rolls-Royce and Associates—the consortium which builds submarine reactors—to work on the design.

The vessel, required by the U.S. Canadian Coastguard, is intended to open seaways high in the Arctic, and will be designed to cleave through ten feet of ice.

The Rolls-Royce power plant design derives from its experience in building submarine reactors for the British Navy.

But the fuel to be used is similar to that used in civil PWR power stations, and not the highly enriched plates of fuel used in the highly stressed submarine reactor cores.

Mr. R. T. Whitfield

It is understood that the French will be offering a reactor design more akin to their submarine reactors, which are wholly of French design.

British submarine reactors are based on the Westinghouse design for the U.S. Navy, obtained by the British Government in 1959.

The propulsion package is likely to account for about 40 per cent of the total cost of the icebreaker, which is expected to be the world's most powerful vessel of this kind.

Rolls-Royce said yesterday that it does not foresee a market for more than two or three vessels of this size. But it is market researching worldwide other possibilities for small nuclear reactors, especially electricity plants in sizes up to 200-300 MW of electrical capacity.

It is offering electricity companies outline designs for barge-mounted powerplants, including all major facilities except the switchyard.

These, it believes, could be built in shipyards under conditions similar to those used to assemble nuclear submarines, then towed to site and concreted into a convient creek.

John Walker writes from Stockholm: ASEA, the Swedish nuclear power and heavy electrical engineering group, reports that it has won an order from the Soviet Union, valued at SKr 150m (£16.5m) for the delivery of a 330/110 kV gas insulated substation (GIS) for the OSKOL electro-metallurgical complex near Kursk.

The contract, placed by V. Metallurgimport of Moscow, covers the designing of the building, the manufacturing and delivery of the GIS and supervision of construction, with its associated control and relay equipment.

The substation, one of the largest so far ordered, includes 57 circuit breakers and four three-phase power transformers, each rated at 320 MVA.

This order will give an additional boost to the company's order intake, which increased significantly during the first half of this year. Incoming orders during that period amounted to just over SKr 7bn compared with SKr 4.75bn in the corresponding period in 1978 with most of the increase stemming from export markets.

UK aid for Sudan power project

BY ALAN DARBY IN KHARTOUM

BRITAIN is close to making a grant of £58m as a contribution to a $240m (£112m) World Bank project which aims to increase Sudan's electricity generating capacity by 184 MW by the mid-1980s.

It is the British Overseas Development Administration's second largest contribution ever to a single project—the largest being a scheme in Sri Lanka.

West Germany has agreed to put up DM 50m (£13m) and the World Bank has been asked for $60m. Sudan must find part of the local costs, estimated at 40m Sudanese pounds.

Representatives of the three project financiers, known as Power Three, and officials of Sudan's Public Electricity and Water Corporation agreed in Washington last month that the World Bank would finance the expansion of the Roseires Hydroelectric station by 84MW.

Britain's Overseas Development Administration would also meet the cost of the expansion of Khartoum's Burri thermal power station by 40 MW plus the construction in Khartoum North of a new 60 MW heavy oil burning steam turbine station and that West Germany would pay for a 150-mile, 220 KV transmission line from the Sennar hydroelectric station to a junction point 10 kilometres south of Khartoum.

There has been a considerable increase in electricity demand in the heartland area served by the Blue Nile grid system in recent years. This has been caused by heavy private investment in industry in and around Khartoum, a number of new irrigation schemes in the agricultural-rich central area, increases in the urban population and the boom created by the country's development drive.

The Roseires station, 270 miles south of Khartoum on the Blue Nile, provides between 60 per cent and 70 per cent of the Blue Nile grid's power. A fourth generating set came on line at Roseires last month under Power Two, an earlier project, and added 42 mw to the existing three sets of 30 mw each.

Power Three will add two more 42 mw sets, bringing the hydro-electric station's total generating capacity to 216 mw, and lay the embedded foundations for a future seventh set.

ASEA of Sweden and Alpin of Austria installed the first four sets at Roseires, and the experience of these two European concerns is expected to put them in a strong position when international tenders are called for the two new sets at Roseires.

The two Khartoum contracts and accompanying civil works are thought likely to go to British concerns, possibly on a turnkey basis. Included among British companies who have shown interest are GEC, Northern Engineering Industries, Associated Power Engineering, British Civil Engineering and Hawker Siddeley.

Tenders for the Burri station are expected to be called early next year with this part of the project to be completed by late 1981 or early 1982. Tenders for the new station at Khartoum North will be called late next year or early 1981 and the station is scheduled to come on line in mid-1983.

● Two loan agreements providing a total of $100m have been signed between the Federal Republic of Nigeria, Morgan Grenfell and a syndicate of banks. The first loan agreement provides $50m under a credit facility guaranteed by the Export Credits Guarantee Department—this is the largest ever UK export credit for Nigeria. There is also a $50m floating rate Eurodollar loan.

● The Export Credits Guarantee Department has guaranteed the repayment and funding for a U.S.$10m line of credit which Grindlays Bank has made available to Jugobanka Udruzena Banka, Yugoslavia. It will help finance U.K. capital goods and associated services contracts placed in the UK.

Japan and EEC seek cooperation

By Charles Smith, Far East Editor in Tokyo

THE FIRST official level talks on industrial co-operation between Japan and the EEC will be held in Tokyo early next week.

A short list of industries in which the two sides might explore joint ventures—or at least aim to co-ordinate development policies—is thought to have been drawn up by the EEC.

The list includes cars, chemicals, avionics and food products.

Talks will cover industrial structure problems, possibly on the co-ordination of aid policies in the Third World.

The idea that Japan and the EEC should try to move closer to each other in fields other than bilateral trade was raised some months ago when Vicomte Etienne Davignon, the EEC Industry Commissioner, visited Tokyo.

The EEC team at Tokyo will include Mr. Eckebard Loerke, director for industrial restructuring and relations with third countries in the Commission's directorate tndustry, and Mr. Ben Meynell, in charge of relations with Japan and North America in the Directorate for External Relations.

Japanese spokesmen will come mostly from the Ministry of International Trade and Industry and the Economic Planning Agency.

Several projects for industrial co-operation between Japan and the EEC have been mooted in recent months and some are already being implemented.

EEC officials do not plan to become involved in negotiations on specific projects but to discuss the general background against which such ventures might he launched.

Airbus courts Tokyo partners

TOKYO — Airbus Industrie has sounded out Japanese manufacturers on the possibility of their participation in the development, manufacture and sales of new types of airliners, AP-DJ reports.

The new developments include a short- to medium-range 130-160 seat aircraft, under Airbus Industrie's Joint European Transport programme.

An official at Nichimen, a major Japanese trading house that serves as Airbus Industrie's agent here, said officials from the European company outlined their proposal to three Japanese aircraft makers — Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries.

He said Airbus Industrie is asking Japan to shoulder 25 per cent of the project to develop and market new airliners. The proposat is believed to be tantamount to an inviation for the Japanese to become a member of the consortium, whose present members are aircraft manufacturers from Britain, France, West Germany, Spain, The Netherlands and Belgium.

Airbus Industrie officials also approached the Japanese Ministry of International Trade and Industry to explain the plan. The Japanese manufacturers need the Ministry's approval for participation.

"Everything is in the initial stage," the official said. "What form this project will take in the end is np to negotiations from now."

He said Airbus Industrie also wants the Japanese to send a handful of officers to take part in the management nf the project.

● Lynton McLain writes: The Australian IPEC Transport Group yesterday launched an express road freight service in Europe, a week after taking over two European haulage companies.

The companies, Sayer Transport of Britain an dthe Dutch-German company, Gelders-Spetra, which will form the base of the new service, will operate under IPEC Transport Holdings of The Netherlands.

Mr. Gordon Barton, the chairman of IPEC—the International Parcels Express Company—said in London that the income from freight in the first year is expected to be over £50m. This compares with the turnover of £736m last year of Knehne and Nagel, one of Europe's largest private freight forwarding organisations.

ASIAN CLEARING UNION

Attempt to revitalise regional trade

BY R. C. MURTHY IN BOMBAY

A TECHNICAL committee of the Aian Clearing Union has prepared a package of measures aimed at revitalising the union and helping to expand trade in the region.

The ACU, comprising India, Iran, Sri Lanka, Pakistan, Bangladesh, Nepal and Burma, provides a mechanism for multilateral compensation payments in respect to intra-regional transactions and the periodic settlement of outstanding balances.

The package includes the fixing of the low margin of 0.01 per cent in foreign exchange dealers uniformly in all member countries for handling transactions through Asian Monetary Units (AMU), in which all the intra-regional trade put through the clearing union are denominated.

An AMU is equivalent to the Special Drawing Rights of the International Monetary Fund, and its main objective is to provide a facility to exporters in the region enabling them to use national currencies for payments for approved transactions.

This has the effect of economising on the use of exchange reserves and transfers, besides promoting trade among member countries.

For example, in India's exports to Iran, the currency transfer points are from rials to AMUs and then to rupees, whereas without the clearing union rials would be converted to dollars, in which currency the export contract is quoted, then again to sterling, the intervention currency for external transactions of the rupee, before the proceeds were realised in rupees.

The idea in keeping the margin lower than the normal one charged for foreign currency transactions is to encourage exporters and importers to use the clearing arrangement.

At present the exchange dealers' margin differs from country to country, with some countries already charging the minimum.

For instance, the margin in India is 0.01 per cent for transactions put through the ACU, while it is 0.05 per cent for handling foreign currency transactions.

The technical committee is anxious to broaden the clearing union's mandate.

At the moment, participation in the ACU is voluntary, with the result that Iran's crude oil and petroleum products, and jute from Bangladesh are excluded from the union's transactions.

The committee has recommended that all transactions by member countries be handled through the clearing house, and has recommended to the ACU board that this be made mandatory.

Its recommendations are being supported particularly by India, Sri Lanka and Bangladesh, and Board approval of the recommendation is regarded by some officials "as merely a formality."

'Iran's continned interest is interpreted as an expression of its commitment to co-operation with the Third World'

The technical committee is watching closely developments in Iran, but so far is pleased at Iran's continued active interest in the ACU's activities.

The union was largely a creation of the now-deposed Shah, and at his insistence, the ACU headquarters were located in Tehran, with Bank Markaz Iran, the central bank, providing the secretariat.

Iran's continued interest is interpreted as an expression of its commitment to co-operation with the Third World.

Except for renewed strife in August and September, settlements have been taking place regularly, and after protracted negotiations, the new regime has agreed to continue the secretarial force.

Payments cleared through the ACU amounted to AMU 109.9m in 1978, a five-fold rise over AMU 22.2m in 1976, the clearing union's first full year of operations, and through this time, India has been a consistent creditor.

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SURVEY OF EXECUTIVES' SALARIES AND FRINGE BENEFITS

Managers are 7% better off

BY JASON CRISP

THE AVERAGE UK manager is 7 per cent better off in real terms this year compared with last and is also more likely to be receiving fringe benefits. At the beginning of July the average executive's gross salary was 15 per cent higher than a year earlier.

Although the rise in gross pay was slightly less than inflation over the same period, the Budget tax cuts meant the average executive's take-home pay was 24 per cent up, according to the 18th annual survey of executive salaries by Inbucon, the management consultants.

The survey, the largest of its kind in the UK, covering 8,600 managers, showed the average executive has a salary of £10,404. Average "total remuneration" is nearly 6 per cent higher because 44 per cent of the sample received a bonus.

Managing directors had the smallest increase in salary of all the jobs surveyed — a 12 per cent increase brought the average up to £21,401. The highest-paid executive in the survey had a salary exceeding £89,000.

Fringe benefits continued to spread. The company car is fast becoming obligatory; 69 per cent of those surveyed had one, and of executives earning more than £9,000 a year, 80 per cent had a company car.

Mr. Nigel Bryant of Inbucon warned that if the Government taxed company cars at their full benefit value, it would have a "very profound effect." He said that those benefiting from a car would seek compensation from their companies which would have an enormous effect on salaries—and pensionable incomes. The annual benefit of a 2-litre company car is about £1,500, he said.

Free medical insurance is a fast-growing benefit, according to the survey. More than half the executives received free medical insurance, an increase of 14 per cent on the previous year.

The number of managers who received a bonus has also sharply increased. "In the last two years the number with a bonus has risen by 32 per cent compared with an increase of less than 10 per cent over the previous seven years. The average bonus itself is up, in the last year, from £1,111 to £1,329, an increase of 20 per cent."

Mr. Bryant added that this was probably connected to the number of productivity schemes being adopted in many companies.

COMPARISON OF TOTAL REMUNERATION*

	Average July 1 1979 £	1978-79 change %
MANAGING DIRECTORS	21,401	11.8
General Managers	17,124	15.6
Company Secretaries	12,243	17.5
Personnel Executives	10,897	16.4
Training Executives	7,956	16.0
Financial Executives	11,306	15.4
Cost Accountants	7,624	16.1
Production Executives	10,184	16.2
Chief Engineers	8,629	15.5
Production Controllers	7,406	17.4
Heads of Work Study	7,397	18.2
Quality Control Executives	8,000	15.7
Distribution Executives	8,388	16.6
Purchasing Executives	8,204	16.8
Sales Executives	11,103	16.8
Export Sales Executives	10,105	14.9
Marketing Executives	10,497	17.2
Heads of Research & D'ment	10,813	15.3
Heads of Data Processing	10,103	17.5
All jobs	11,009	16.2

* Salary plus all cash benefits.

Inbucon said that there was a growing trend towards longer holidays. While 65 per cent of executives were still entitled to four weeks' holiday, the number entitled to five weeks was 31 per cent compared with 20 per cent in 1975.

The typical executive is 44 (which has been true for the last ten years, notes Mr. Bryant), has been with his company for 13 years and in the same position in the organisation for five years.

The 18th Inbucon annual survey of Executive Salaries and Fringe Benefits in the UK is available from Inbucon, Salary Research Unit, 197 Knightsbridge, London, SW7, price £70.

Earnings match retail price index

BY DAVID FREUD

AVERAGE earnings are now rising at an underlying annual rate of between 15 and 16 per cent—much the same as retail price inflation.

The Employment Department's broad earnings index, covering about 21m workers, rose by 16.4 per cent to 153.6 (January 1976=100) in the year to August. This compares with a rise of 16.5 per cent in the 12 months to July.

Last month's index was influenced by several special factors. On the one hand the engineering dispute tended to depress earnings, while on the other back pay has continued to inflate the index.

Settlements by teachers, local authority non-manual workers, National Health professionals and electricity supply workers were among those under which back payments were made in August.

The index was also inflated by changes in settlement dates, as employees went back to settlement times used before the Labour Government's pay policy. Another factor was staged settlements, such as that of the civil servants.

Taking the various factors into account, officials estimate that the underlying rise in earnings over the 12 months to August was between 15 and 16 per cent. This compares with a 15.8 per cent rise in the retail price index and 13.4 per cent in the new tax and price index.

The older index of average earnings, covering 11m workers mainly in the production industries, rose by 15 per cent in the year to August to 385.0 (January 1970=100, seasonally adjusted).

The index of nationally-negotiated basic weekly wage rates for manual workers rose by 12.1 per cent in the year to September to 298.6 (July 1972=100).

This is not an accurate guide since the year-on-year comparison does not take into account the recent national settlement for engineering workers, which was delayed.

Business 'main user' of Prestel

By Elaine Williams

BETWEEN 50,000 and 60,000 television sets will be equipped with receivers for Prestel, the Post Office's information service, by the end of 1980, according to Mr. Bryan Quilter, managing director of Granada TV Rentals.

At a seminar yesterday run by Fintel, joint subsidiary of the Financial Times and Extel, Mr. Quilter said that most of these users would be in the business sector.

A serious domestic market would not develop for at least two years because of the high cost of renting and using the system, he added. Domestic users would pay £40 a year to use Prestel and an average of £400 for the television, he estimated.

Costs for business users would be about £700 a year—an average of £300 for the Prestel-equipped set, £100 for telephone charges and £300 for information called up.

Granada TV Rentals is taking delivery of 200 Prestel sets a week. Marketing of the system is shared by it and organisations feeding information into the system.

Mr. Quilter commented that manufacturing capacity was likely to be about 100,000 sets next year—about double the likely demand.

However this figure is sufficient for information suppliers to get a return on their investment. It is costing them an average of £200,000 a year each to put information on Prestel.

Mr. Alex Reid, the Post Office's Prestel director, said that its £25m investment in the system would allow more than 50 per cent of all telephone users to reach a Prestel computer by the end of next year.

CEGB plans to use more oil

BY JOHN LLOYD

THE CENTRAL Electricity Generating Board is to increase its use of oil this winter, because of low coal stocks.

Stocks of coal, both at the pit-head and at power stations, are about 11m tonnes down on last year. A concerted push by the National Coal Board, British Rail and the CEGB has brought them up from the very low levels of earlier this year, but the board remains concerned over a possible shortage.

The oil used in power stations last winter (October-April) was 4.5m tonnes, lower than the forecast because of a Government subsidy to the board to burn coal.

This winter, it is likely to be about 5m tonnes. In the summer months, the CEGB cut its oil consumption to 2.3m tonnes, 1.7m down on a forecast of 4m tonnes because of the price rises caused by the crisis in Iran.

Oil remains more expensive than coal, but the CEGB has taken the view that security of supply outweighs price considerations.

It has emphasised that there is little cause for concern for the coming winter, but recognises the possibility of industrial action by mineworkers and railwaymen as well as of prolonged, very cold weather.

Channel power cable link tests

BY ELAINE WILLIAMS

TESTS ON the feasibility of burying high-voltage cables under the English Channel have been encouraging.

Trenching machines, operated by remote control, are being tested for a planned 2,000Mw Channel power link, which will enable France and the UK to tie into each other's electricity systems.

The project requires the drilling of four 5 feet deep trenches along a 32-mile length of chalky seabed at an estimated cost of £360m.

Trials are expected to end next month and then the Central Electricity Generating Board and Electricité de France will decide whether to go ahead with the project.

There is already a cross-channel power line, a 160Mw cable laid in 1961 but its capacity is far too small and it has proved unreliable, being out of action more than half the time.

The new cable has capacity equal to the largest power station in the UK, and both electricity organisations require that it should operate for at least 95 per cent of the time. The cable has to be buried in the seabed to protect it from damage by shipping in the congested channel.

Radiation limit call rejected

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT'S "watchdog" on public exposure to radiation has rejected suggestions that the UK should impose much more severe restrictions on radiation doses for hospital, research and nuclear industry and other industrial workers who handle radiation sources.

The National Radiological Protection Board, in a note advising Health Ministers, published today says that there is "no good radio-biological reason for requiring such a restriction."

The TUC asked for stricter control of radiation levels following circulation of a draft directive from the European Communities on standards of radiological protection.

The TUC cited research in Britain and the U.S. purporting to show that the risks from very low levels of radiation dose were much higher than is generally believed.

But leading epidemiologists have rejected the findings of those who claim to have found higher mortality figures for long-serving U.S. nuclear industry workers, as being based on inadequate samples and erroneous interpretation of the data.

The most obvious implication of accepting the more restrictive standards would be the need for more radiation workers to perform a given task. But the protection board says it accepts that job creation was not the TUC's prime intention.

The advice note stresses the injunction that all radiation doses should be kept "as low as reasonably achievable"—a formula it believes encourages employers to strive constantly to reduce the individual's exposure.

● NEWS ANALYSIS — LONDON'S RISING HOTEL RATES

Little room for price-cutting

BY ARTHUR SANDLES

THE RISE in London's hotel rates is daunting enough for the British. But in dollar terms—and much of the capital's traffic is from the U.S.—the figures are alarming.

Two years ago a single room and English breakfast at the Royal Lancaster Hotel would have cost an American about $53, inclusive of service and VAT. Today, that same room would cost $118—and the Royal Lancaster is far from being the most expensive hotel in London. That honour probably goes to the Inn on the Park when it comes to single room (£71.60), and the Ritz for twin-bedded accommodation (£90.50).

The London hotel market swings from surplus to famine with alarming speed. The shortage of rooms in the late '60s was transformed into an abundance by legislation which, in the early '70s, gave Government subsidies to hotel building. A depressed pound and falling air fares helped to create a heavy demand for rooms, and by the middle of last year there was talk of shortage once more.

But this year, as the dollar declined, the pound strengthened and British inflation continued apace, the demand for hotel rooms, particularly from the American market, has fallen.

Hoteliers point to a variety of factors in defence of London's apparently high hotel rates. Labour is expensive, and building and maintenance costs high by international standards. VAT at 15 per cent and what are regarded as punitive interest rates only add to the problem.

By the traditional form of calculation a hotel has to charge per room night 1,000th of the gross capital cost of building and furnishing the room. A room which has cost £25,000 to build (or would cost that to replace) ought to rent for at least £25 a night, before VAT, if the hotelier is to make a profit.

The actual sum changes according to occupancy and the mix of business—how much is catering and how much letting rooms, for example. It is difficult to find anyone who would suggest that a luxury hotel could be built in central London for less than £45,000 a room. The land costs of property in the golden heartlands of Park Lane and Kensington would push this up appreciably.

But even although hoteliers and hotel investors are still apparently keen to build at this price, there is a shortage of suitable sites, and a considerable reluctance by local authorities to allow further extensive hotel development.

Continuing low demand would almost certainly lead to the same sort of market peculiarities next summer that was seen in the summers of 1975 and 1976. Then, whatever the official tariff rates, hotels were forced into offering big discounts to foreign tour groups and companies which promised to push their business into one property.

Exp-o-Tel, one of London's big hotel booking agencies, which has produced the latest survey of London hotel prices, suggests that the gap between published rates and charges available to those in the know could widen next year.

At the end of last season, hotel groups such as Trusthouse Forte and Grand Metropolitan were both heaving sighs of relief in having escaped from the full horrors of that sort of rat race. Both have put much greater emphasis in recent years on marketing to individuals rather than groups. They reckon they are better placed to fight off the attacks of tour operators trying to exploit a market of excess supply.

Unfortunately for the international traveller, London is not alone in facing rapidly rising hotel rates. Although Trusthouse Forte's London flagship, the Grosvenor House, charges £55 a night, it is still about a pound cheaper than the company's New York centre, the Pierre—and in London breakfast is included. The plain fact is that hotels today are expensive to build and operate, wherever they may be.

Bill due shortly to curb NEB

THE GOVERNMENT will introduce the Bill laying down the reduced limits of the National Enterprise Board's activities almost as soon as Parliament reassembles next week. The Industry Bill is one of at least six to be introduced early in the week.

Included in the first batch will be the Shipbuilding Bill, stating the amount of money British Shipbuilders can borrow and extending special credit facilities, now available only for shipbuilding, to ship conversions.

Legislation is expected closing some loopholes in the law on insurance companies; on the Isle of Man; on consular fees; and that made necessary by proposed enlargement of the European Community.

Luxembourg lecture

THE PRIME MINISTER will use a lecture in Luxembourg tonight to deliver the first part of a three-part exposition of her views on Britain's role in the world.

The Winston Churchill lecture will be mainly concerned with Europe. Its tone will be largely ideological and thus in sharp contrast to the specific demands for a cut in Britain's contributions to the EEC Budget which Mrs. Thatcher will make at the Dublin Summit next month.

British Steel to aid Czechs

BRITISH STEEL is to provide computer consultancy services to Czechoslovakia. It has been awarded a contract for an undisclosed sum by the United Nations to aid the Czechoslovak Research Institute for Industrial Management and Automation on computer systems for maintenance planning.

It will last about two years. The Czechs will write their own programming with British Steel help.

'Who rules?' query

THE BASIC problem of British industry was "who is in charge?" Mr. Norman Wilson, chairman of the Institution of Industrial Managers, said.

"If managers have abrogated their role, failed to provide positive, responsible leadership, it is hardly surprising that people on the shop floor turn to the unions," he told a lunch meeting in Glaziers' Hall. He called for a "Put Britain First" attitude.

Caleb Brett appeal

CALEB BRETT and Son, the Esperanza subsidiary successfully sued for $2.1m (about £1m) by a U.S.-controlled oil trading group, has obtained an early hearing of its appeal. The transport and trading group refused to aid its subsidiary, which has applied to the High Court to have its business wound up. The winding-up petition is due to be heard on November 19.

Ulster workless

NORTHERN IRELAND Economic Council forecast yesterday that the region's unemployment rate would rise by 1.5 per cent to 12 per cent by next July. The council, which monitors and advises on economic policy, strongly urged the Government against public expenditure cuts.

Ashland quits

ASHLAND OIL has sold its remaining interest in the North Sea Brae Field to Kaiser Resources for about £9.1m. This covers its 6.3 per cent working interest in the field, 155 miles off north-east Scotland.

Order for Racal

RACAL, the communications company, has won a $3.9m order from the U.S. Army for its high-speed communications equipment.

Government plans to end mandatory rating revaluation

BY OUR OWN CORRESPONDENT

THE GOVERNMENT will shortly announce proposals to end the legal requirement for a full rating revaluation every five years.

Instead, the Secretary for the Environment should have the power to decide timing and scope of rating revaluations, suggests a private consultation paper containing the proposals which has been sent to the local authority associations.

The present revaluation system—based on a regular and total assessment of property rateable values—forms a key part of local Government finance arrangements.

Although the proposals are not totally unexpected they are likely to receive a hostile response from local authorities already angered by the June decision of Mr. Michael Heseltine, Environment Secretary, to cancel the planned 1980 revaluation. They are concerned about any reduction in their fragile financial autonomy.

The consultation paper also suggests that the Environment Secretary should be able to order a partial revaluation covering, for instance, only industrial and commercial property.

Mr. Heseltine would introduce such provisions into the Local Government Bill due this autumn.

Behind the move is Government concern about local authority finance. When Mr. Heseltine cancelled the 1980 revaluation—which had already been put back from 1978—he said the decision would "provide the Government with the opportunity to sort out the longer-term future of the rating system."

That decision brought widespread protests from local authorities which argued that they had to collect rates based on outdated and inequitable data.

Although the Secretary of State can delay revaluations indefinitely through Parliament, a switch to action without reference to Parliament is a major constitutional change removing the power to tax from primary legislation.

Partial revaluation is also viewed with suspicion by the local authorities. The consultation paper says that "appropriate adjustment" would have to be made to ensure a fair distribution between the revalued and non-revalued sectors." This could be done by a weighted index.

Banks 'may put new curb' on corporate lending

BY MICHAEL LAFFERTY

A WARNING of further tightening in bank lending to the corporate sector has come from Mr. Roy Vine, senior general manager of Barclays Bank.

Although the banks are giving priority in their lending to industrial borrowers, as requested by the Bank of England, he says, "it is doubtful whether the corporate sector can remain exempt from the corset's restrictive effects." An important factor in the squeeze was less willingness on the Bank of England's part to release special deposits.

Mr. Vine, writing in the latest issue of the Barclays Bank Briefing news-sheet, is critical of the way the corset operates. This mechanism introduced by the Government to curb bank lending "limits competition between the banks, reduces the scope for innovation and penalises those banks" which happen to have a low "base" level of interest-bearing eligible liabilities (IBELS) — interest bearing bank deposits—from which permissible rates of growth are measured.

The Barclays senior manager says the clearing banks in particular find it difficult to control their IBELS, as overdrafts are not under their direction in the short term. "This problem is compounded by the tendency of some non-clearing banks to reduce their advances specifically on monthly 'make-up' days, with which corset limits are aligned. This leads to a purely temporary increase in the overdrafts of the clearing banks as customers make full use of agreed overdraft limits.

"The boost to their lending could force the clearers involuntarily into the corset penalty zone without bringing them any corresponding commercial benefit."

Jewellery fetches £207,595

SALEROOM

BY PAMELA JUDGE

JEWELLERY AT Christie's yesterday realised £207,595. Knapp Diamonds gave £11,000 for a square-cut diamond single-stone ring of approximately 6.58 carats. Antrobus paid £8,500 for a rectangular emerald single-stone ring with diamond triangular shoulders.

In New York on Tuesday the same house sold jewellery for £1.8m. A private New York buyer paid £200,934 for a single-stone diamond ring of about 7.45 carats, signed by Harry Winston. Graff, London, gave £163,551 for an emerald and diamond necklace by van Cleef and Arpels, and another London buyer went to £144,859 for a fancy yellow diamond-heart pendant, the diamond weighing 14.65 carats.

A pair of pearl and diamond earrings which were part of the famous jewels of Queen Henrietta Maria made £107,476. They were last sold by Christie's in Geneva 10 years ago for £31,219.

Oriental ceramics and works of art sold by Phillips in London fetched £100,227. A set of famille-verte dishes of K'ang Hsi sold for £4,400 to an American buyer, and a Japanese dealer paid £2,000 for a San Ts'ai glazed pottery offering set from the T'ang dynasty. The same house sold a Russian 19th century icon depicting the calling of St. Andrew for £3,100.

The first of a two-day sale of coins by Glendining realised £60,250. Baldwin gave £7,000 for a Charles I Oxford mint, Triple Unite. Schwer bought a series of Victorian Jubilee coins for £1,450. A William IV 1834 half-crown made £420.

Capital tax 'inhibiting industrial investment'

By Christine Moir

INVESTMENT IN British industry is being inhibited by the "uneven and unfair" capital taxation system, Mr. Nicholas Goodison, chairman of the Stock Exchange, has told the Government.

He suggests that all forms of saving should receive tax incentives or that none should benefit.

Certain forms of savings, such as Government stocks and insurance policies, have tax advantages not available to other types of savings, such as investment in risk capital. This uneven fiscal treatment puts "positive barriers" in the way of investment in equities, he says.

Mr. Goodison's claim is made in a formal submission from the Stock Exchange to Sir Geoffrey Howe, Chancellor of the Exchequer, who promised a thorough review of capital taxation in his Budget speech.

Yesterday, Mr. Goodison stressed that the Stock Exchange was simply asking the Government for fiscal neutrality. He thought it would be premature for the Government to bring in any French-style encouragement for share investment immediately.

The French Government has introduced legislation, known as the Loi Monory, which provides tax concessions to stock market investors.

The only tax incentive the Stock Exchange does want in the [illegible] is related to employee profit-sharing schemes. At present, companies may give their employees up to £500 in shares per annum. The Stock Exchange wants to see this limit raised to £2,500. It also wants a sliding scale of tax leading to complete freedom for employees who do not sell the shares for more than five years.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and notified vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1978							
2nd qtr.	110.7	104.5	96	107.9	254.4	1,367	213
3rd qtr.	111.3	104.8	104	110.7	266.6	1,350	213
4th qtr.	110.3	103.2	112	111.7	275.0	1,340	230
1979							
1st qtr.	109.6	101.9	100	110.3	176.4	1,351	234
2nd qtr.	115.7	107.9	105	116.7	297.3	1,299	256
March	113.1	107.7	101	110.8	279.3	1,350	236
April	113.9	106.5	100	115.4	290.6	1,311	250
May	115.4	107.1	109	113.5	289.2	1,307	257
June	117.7	110.2	107	120.3	309.3	1,280	262
July	116.5	108.1		108.7	294.4	1,279	253
August	111.7	101.8		111.5	304.3	1,265	246
Sept.				111.0		1,254	243

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	House. starts*
1978							
2nd qtr.	107.9	98.0	122.2	99.7	104.3	101.3	27.1
3rd qtr.	108.5	99.1	122.8	100.4	99.2	103.7	23.0
4th qtr.	106.1	96.9	124.0	97.0	98.9	102.4	20.2
1979							
1st qtr.	105.3	98.0	126.5	98.1	98.5	98.5	12.9
2nd qtr.	109.1	105.2	132.8	104.4	110.2	103.0	21.3
March	109.0	103.0	131.0	103.0	114.0	102.0	15.9
April	107.0	104.0	130.0	103.0	110.0	101.0	18.5
May	109.0	105.0	132.0	104.0	106.0	102.0	20.0
June	111.0	106.0	137.0	105.0	115.0	105.0	23.4
July	109.0	105.0	135.0	105.0	[illegible]	100.0	22.5
August	105.0	97.0	129.0	94.0	93.0	99.0	18.1

†EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
3rd qtr.	124.8	114.9	−0.4	+0.3	−501	106.1	16.55
4th qtr.	124.8	112.3	0.0	+0.6	−480	106.9	15.77
1979							
1st qtr.	110.0	118.0	−1.6	−1.2	−237	107.7	16.78
2nd qtr.	134.0	135.0	−1.1	−1.1	−210	108.0	21.69
3rd qtr.	133.0	128.0	−0.3	−0.3	−155	108.1	25.18
March	117.0	129.0	−0.7	−0.5	−97	107.4	17.45
April	139.0	135.0	−0.3	−0.3	−114	108.9	21.47
May	134.0	137.0	−0.4	−0.4	−54	108.0	21.53
June	130.0	133.0	−0.3	−0.3	−42	107.1	22.07
July	134.0	127.0	0.0	0.0	−41	109.3	23.49
August	132.0	130.0	−0.1	−0.1	−123	108.2	23.50
Sept.	133.0	128.0	−0.1	−0.1	+9	106.9	22.75

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit: all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
2nd qtr.	10.1	15.0	24.5	+2,800	694	1,506	10
3rd qtr.	17.2	8.1	8.6	+572	746	1,559	10
4th qtr.	14.9	12.0	8.6	+1,774	878	1,584	12½
1979							
1st qtr.	7.6	9.4	32.6	+1,521	777	1,582	13
2nd qtr.	9.7	17.2	23.5	+2,708	777	1,869	14
April	16.8	6.4	19.3	+825	343	566	12
May	13.9	8.1	20.7	+996	309	622	12
June	9.7	17.2	28.5	+837	125	680	14
July	7.1	14.3	34.1	+442	229	630	14
August	5.9	12.0	29.6	+1,065	293	636	14
Sept.					411		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	140.2	152.2	161.6	208.9	218.8	268.83	64.1
2nd qtr.	147.3	161.3	168.0	216.5	225.2	293.55	67.9
3rd qtr.		167.2	176.4			301.66	70.7
March	143.7	153.5	163.2	210.6	220.2	268.83	65.0
April	144.3	158.4	165.5	214.2	221.8	277.11	66.9
May	146.9	161.0	167.7	215.9	224.0	279.20	66.9
June	150.9	164.6	170.9	219.6	230.0	293.55	68.3
July	155.6	165.4	174.8	229.1	231.2	278.92	71.9
August	153.3	166.7	176.3	230.9	231.8	290.04	71.3
Sept.		169.4	178.2			301.66	69.0

* Not seasonally adjusted. † Trade figures are quoted with less precision owing to industrial disputes.

Clydebank jobless 'may rise to 25%'

By Ray Perman, Scottish Correspondent

THE UNEMPLOYMENT rate on Clydebank is likely to rise to 25 per cent—three times the present level—after the closure of the Singer plant next June, according to Strathclyde Regional Council.

The council supports proposals to attract new industry to Clydebank by making environmental impcovements and converting the Singer plant into small workshop units, similar to those at the former Glengarnock ateel works, and Clyde Iron works in Glasgow.

Mr. Tony Worthington, a member of the council, called on the Scottish Development Agency to organise a task force to rebabilitate the town.

Mr. George Younger, the Secretary for Scotland met local MPs yesterday and Mr. Donald Dewar, Labour MP for Garscadden, which horders Clydehank, urged the Government to put pressure on Singer to donate a big sum of money "to undo some of the damage done to the area by the company's plans."

Mr. Worthington said yesterday that the closure would badly hit other neighbouring districts, where the number of unemployed could nearly double.

The council estimates that Singer's plan to end sewing machine manufacture at Clydebank will mean the loss of £20m a year in purchasing power to the region and that the total number of jobs lost may reach 6,000—twice the number directly made redundant hy tbe company.

New ships released as yard ends action

BY RAY PERMAN, SCOTTISH CORRESPONDENT

INOUSTRIAL ACTION at the Robb Caledon shipyard in Oundee was ended yesterday releasing four vessels for completion and delivery. The yard was the last to maintain sanctions against British Shipbuilders' rundown plans.

The 1,000 men employed at the yard had been banning overtime and refusing to launch or deliver ships until they were given a guarantee that shipbuilding would he continued at Oundee. British Shipbuilders had proposed putting the yard on a "care and maintenance" basis when work ran out.

The workers yesterday voted to lift their actioo, pending the findings of a joint study group which will investigate ways of making the yard more efficient.

The vote means that a cement carrier for New Zealand, which has been completed but trapped in the yard, can be delivered as soon as her owners call to collect her. The huyer's representatives returned home last month when shop stewards would not allow the ship to leave.

The launch of a bulk carrier for Poland, which has been on the slipway since August, can also go ahead — probably tomorrow.

Outfitting work can be finished on another Polish hulk carrier, which should be ready by the end of the year, and construction work can continue on a third similar vessel.

The ships have been delayed by the dispute, hut it will not be clear whether any financial penalties will he imposed until tbe completion of negotiations between British Shipbuilders and the ships' owners.

Workers at other British yards lifted sanctions a month ago after the scaling down of the closure and redundancy programme proposed by the shipbuilding corporation. But the Robb Caledon men demanded an assurance that the yard would he kept open for merchant shipbuilding.

The agreement they have accepted was reached at a meeting in Newcastle on Monday between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions. It appears little different to the previous understanding last month, which was rejected by the Duodee workers.

Mr. Bill Martin, personnel director at the yard, said that there was no commitment hy the management to continue shipbuilding. But the position would be reviewed at a further meeting after the study group bad reported in a month. The management wanted changes in working practice, particularly the relaxation of demarcation restrictions between trades.

Mr. Bob Barty, union convener, said the workforce was prepared to allow launching and delivery of the ships in the hope that a way would be found to enable the yard to tender for more contracts.

Call for better credit to boost shipbuilding

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S SHIPBUILDERS needed to be free to offer improved credit terms when bidding for work to help maintain the country's shipyards until orders expanded and prices could he increased.

Mr. John Parker, British Shipbuilders board member for shipbuilding, said last night that price increases of "at least 35 to 50 per cent" were needed to make shiphuilding profitable.

Mr. Parker, speaking to the Royal Institution of Naval Architects, reflected on his board's frustrations over what it regards as undue restrictions placed on British Shipbuilders' tenders by the Industry Department.

His figures were hased on a survey of cost trends in Japan, West Germany and the UK for a selection of seven different ships.

The survey was conducted hy British Shipbuilders' economists. It ahowed there had been no price increase for ships since 1974. Instead the industry had suffered a price reduction.

"The price of ships, historically, has been extremely volatile, with an increase of 100 per cent hetween 1972 and 1974," said Mr. Parker.

"The importance of providing improved credit, particularly to UK owners, in line with the terms provided by other EEC countries to their domestic shipowners ordering at home, has been stressed by British Shipbuilders on many occasions."

Mr. Parker claimed that whereas UK owners could obtain advances of only up to 70 per cent of a new vessel's cost over seven years at 7.5 per cent interest, Belgium offered the "hest credit" with a 90 per cent loan over 15 years, with 1 per cent interest on 80 per cent of the loan and 6 per cent interest on the remainder.

Glasgow Tube re-opening delayed

By Anthony Moreton

THE R-OPENING of Glasgow's underground system after a £43m modernisation, which is to be inaugurated hy the Queen on November 1, has been postponed. It was to have started taking passengers on Monday, November 5.

Mr. Hamish Taylor, director of operations of the Greater Glasgow Passenger Transport Executive, said in Glasgow yesterday that he was "bitterly disappointed" at the postponement which had been forced on the authority hy delays in bringing the power and signalling into operation. The automatic train-operating system had also been delayed because of difficulty in overcoming flooding.

The Queen's visit will go ahead as planned but Mr. Taylor said the earliest date the underground part of the Trans-Clyde railway could start operating would be in December. One date being mentioned is December 17, though it might be put back to January 14.

The associated £35m Argyle Line, run by British Rail on behalf of Glasgow, will come into operation on November 5 as planned.

For the executive, the delay is highly embarrassing. Only a month ago, Mr. George Younger, Secretary for Scotland, was assured that the opening would go ahead on time.

Mr. Taylor said the series of two-day engineering strikes had not helped time keeping, hut admitted that a postponement would have been necessary even if the engineers had worked normally.

The new underground replaces an 81-year-old system, which closed in 1977. When the old system shut its rolling stock was probably the oldest in use in the world. Its coaches had been introduced during Queen Victoria's reign.

During the four-year project many of the 15 stations on the underground have been rebuilt

Peugeot launches 2-litre 505

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

The Peugeot 505—launched in the UK today.

PEUGEOT launches its 505, two-litre saloon in the UK today. The car is vitally important for the future of the company as a whole as well as for its progress in Britain.

The 505 is successor to the 504, which continues in production. Sales of the 504 have reached 2.5m since it was introduced in 1968. Last year, it acounted for nearly 35 per cent of Peugeot's output.

Peugeot, as an individual producer within the PSA Peugeot-Citroen group, last year spent the equivalent of £200m on investments including product development, and the lion's share went on the 505.

Although the model was launched on the continent only five months ago, production has already reached 1,550 a week. By the end of August 20,000 had heen sold in the home market.

Peugeot UK expects to sell 8,000 to 10,000 505s next year, and to almost double its penetration of the two-litre market, which accounts for about 10 per cent of car sales in Britain.

It will attract some 504 huyers—the 504 continues only as a 1.8 litre saloon and estate in the UK. It will win customers from Ford, which dominates the two-litre market, as well as BL (the Princess), Vauxhall (the Carlton) and importers Volvo, Renault and Audi.

Peugeot UK expects to sell about 50,000 cars in Britain next year, of which 14,000 will be 305s, 504s and 505s—a high ratio of relatively expensive cars.

This should increase the company's market penetration from 2.3 to 2.9 per cent. Peugeot UK expects the British market to hold at about 1.6m in 1980, compared with a Society of Motor Manufacturers and Traders forecast of 1.5m.

The 505 is competitively priced at between £5,781 and £7,001. Power assisted steering is standard on all models. Automatic transmission is £572 extra, and is available only on some of the range.

Three engines are offered—the two-litre carburettor engine and the diesel already used in the 504, and a fuel-injection engine developed hy Francaise de Mecanique, the joint Peugeot-Renault company hased at Douvrin, Northern France.

The body shell and many interior fittings are new, hut the 505 draws many mechanical components from either the 504 or the 604. The 505 is lighter than the 504, and Peugeot claims its fuel consumption shows a 10 per cent improvement on that range.

Other government contracts could be at risk, says centre

BY PAUL TAYLOR

THE GOVERNMENT's decision to end two major contracts with the Centre for Environmental Studies as part of its review of quangos — quasi-autonomous national government organisations—could have serious implications for other government contracts, claims the centre.

The centre, which conducts independent research into matters such as housing finance and rate support grant, has heen told by Mr. Michael Heseltine, Environment Secretary, that six major Department of the Environment contracts, worth £600,000 in all, are to be withdrawn over a phased period.

As a first step, the centre has heen told that two contracts, worth £200,000, which were due to expire in June, 1980, are to be ended in March, 1980. Negotiations concerning the remaining four contracts have just begun.

However; the centre believes that the Government's decision to end the contracts, using a standard withdrawal clause, could pose a threat to other research and commercial contracts.

At the root of the dispute are two key issues:

- The understanding upon which government contracts are accepted:
- The basis on which researchers are recruited to undertake the contracts.

Although the centre recognises that all government contracts contain break clauses, it maintains that the "gentlemen's agreement" under which contracts are signed excludes early termination of the contracts in all but exceptional circumstances. It maintains that policy changes due to the change in government do not represent such exceptional circumstances.

The centre therefore believes that the value of government contracts with other organisations could in future be in doubt. In addition, the centre claims that although a clause in the contract covers redundancy payments should the government end a contract prematurely, the relative lack of job security would make it difficult, if not impossible to recruit highly qualified researchers

Such criticisms are, however, rejected by the Department of the Environment, which says that all DoE contracts contain break clauses of this type.

Nevertheless, Mr. Peter Willmott, a director of the centre, said: "The understanding upon which contracts are being signed is being broken in this case."

Sterling policy 'should boost capital exports'

BY PETER RIODELL, ECONOMICS CORRESPONOENT

THE GOVERNMENT'S sterling policy should aim to develop capital exports from the UK in line with the impact on the balance of payments of North Sea oil, say two influential City commentators.

Mr. John Forsyth and Ms. Francesca Edwards of the merchant bankers Morgan Grenfell say in a Chatham House discussion paper published by the Royal Institute of International Affairs that exchange rate policy should be systematically related to the development of the balance of payments.

They conclude that it would be "imprudent" for sterling to be linked closely with other EEC currencies in the European Monetary System unless there is specific provision for capital exports.

Without a satisfactory agreement on balance-of-payments objectives the obligation to intervene might disrupt both monetary policy and the balance of payments.

The paper says that "if a balance-of-payments approach to exchange rate policy is adopted it would be appropriate to aim at a deficit on capital account transactions, in view of the impact of North Sea development on the external balance, since if the UK does not export capital it must export jobs."

"A policy for Sterling." £2.50, Policy Studies Unit, Chatham House, 10, St. James's Square, London, SW1Y 4LE.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1979

All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,062,920 shares of 50 cents each.

Operating Results	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	9 months ended 30 Sept. 1979
Gold			
Mined (Ca)	154,992	157,566	450,311
Ore milled (t)	510,000	515,000	1,488,000
Gold recovered (kg)	4,261·423	4,151·000	12,357·068
Yield (g/t)	8·36	8·06	8·31
Working revenue (R/t milled)	69·71	56·50	61·20
Working costs (R/t milled)	40·49	37·41	39·01
(R/Ca mined)	133·22	122·27	128·91
Income (R/t milled)	29·22	19·16	22·19
Price received on Gold Sales (R/kg)	8,193	7,020	7,025
($/oz)	304	256	270

Note: The above figures exclude ore milled for Buffelsfontein Gold Mining Company Limited.

Financial Results (R'000)	30 Sept. 1979	30 June 1979	9 months
Gold—Working revenue	35,554	29,142	91,084
—Working costs	20,649	19,266	58,048
—Income	14,905	9,876	33,016
Sundry Mining Income—Net	19	10	48
Sundry Non-Mining Income—Net	205	168	2,106
Tribute and Royalty Payments—Net	(1,735)	(1,140)	(3,573)
Income before Taxation and State's Share of Income	13,394	8,912	31,592
Taxation and State's Share of Income	7,687	4,634	16,856
Income after Taxation and State's Share of Income	R5,707	R4,278	R14,736
Capital Expenditure—Quarter	848	481	1,560
—Commitments	1,038	1,245	1,039
—Remainder of year	1,868	2,512	1,868
Dividends—declared	—	4,572	4,572
—cents per share	—	35	35
Loan levy	498	146	1,120
Development			
Advanced (m)	8,754	8,890	25,822
Sampled (m)	2,004	1,938	5,238
Channel width (cm)	24·8	28	26·2
Average value—Gold (cm.g/t)	1,666	1,648	1,899
—Uranium (cm.kg/t)	27·61	24·01	29·54
Payable:			
Metres (m)	1,599	1,440	3,972
Percentage	79·8	72·4	75·8
Channel width (cm)	24·8	27·4	25·5
Value—Gold (g/t)	79·5	75·1	81·5
(cm.g/t)	1,872	2,058	2,073
—Uranium (kg/t)	1·292	1·026	1·170
(cm.kg/t)	32·05	28·10	29·86

Development Summary

For the three months ended 30 Sept. 1979

Total Development	Metres advanced	Metres sampled	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Reef Vaal	8,374	1,878	25	72·0	1,763	1·205	29·82
Ventersdorp Contact	129	126	32	6·7	215	0·122	3·88
Commonage							
Livingstone							
Totals	8,503	2,004	25	66·9	1,668	1·121	27·81

Payable Development	Payable metres	Per-centage payable	Channel width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Reef Vaal	1,599	85·1	24·8	78·5	1,972	1·292	32·05
Ventersdorp Contact							
Commonage							
Livingstone							
Totals	1,599	85·1	24·8	78·5	1,972	1·292	32·05

REMARKS—STILFONTEIN

The higher recovery grade is mainly attributable to increased mining in the higher grade HB20 area and increased vamping done in certain of the cross-cuts. As forecast, unit working costs were higher mainly due to wage increases granted during the quarter.

Capital expenditure amounting to R848,000 was mainly due to the re-siting of a waste rock dump (R480,000) and expenditure incurred on the installation of a wet high intensity magnetic separator plant (R125,000) which is expected to come into operation this quarter. A tributing agreement was concluded during the quarter with Lucas Block Minerals Limited whereby the Company became entitled to mine a small extension of the reef into the Lucas Block area.

CHEMWES LIMITED

(A subsidiary of Stilfontein Gold Mining Company Limited)

Uranium	Sept. Qtr.	Year to date
Pulp treated (t)	544,700	544,700
Oxide recovered (kg)	76,142	76,142
Yield (kg/t)	0·14	0·14

REMARKS—CHEMWES

The plant was commissioned and by the end of the quarter throughput had reached 80 per cent of plant capacity. This efficient operation was largely achieved because few problems in the commissioning period had been experienced as well as the efficiency of the operating staff which resulted from pre-production training given to them.

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each. 25,000 deferred shares of R2 each.

Operating Results	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979	9 months ended 30 Sept. 1979
Gold Section			
Mined (Ca)	39,897	38,759	110,465
Ore milled (t)	141,000	142,500	413,000
Gold recovered (kg)	419·308	495·422	1,396·424
Yield (g/t)	2·97	3·48	3·38
Uranium Section			
Mined (Ca)	103,958	98,148	293,249
Ore milled (t)	303,000	294,000	875,500
Gold recovered (kg)	117·026	138·770	389·888
Yield (g/t)	0·39	0·47	0·45
Working revenue (R/t milled)	8·70	10·07	9·93
Working costs (R/t milled)	25·82	24·03	24·77
(R/Ca mined)	79·63	75·61	79·06
Income (loss) (R/t milled)	(18·12)	(13·96)	(14·84)
Price received on Gold: Sales (R/kg)	8,097	6,932	7,162
($/oz)	300	256	264
Uranium			
Mined (Ca)	103,956	98,146	293,249
Pulp treated (t)	302,100	294,420	875,420
Oxide recovered (kg)	91,914	92,282	271,526
Yield (kg/t)	0·304	0·313	0·310
Financial Results (R'000)			
Gold—Working revenue	4,306	4,398	12,795
—Working costs	11,464	10,488	31,920
—Income (loss)	(7,158)	(6,092)	(19,125)
Uranium—Income	5,333	4,247	12,888
Sundry Mining Income—Net	5	5	14
Sundry Non-Mining Income—Net	(8)	14	89
Tribute and Royalty Payments—Net	(168)	(181)	(484)
Income (loss) at Mine	(1,996)	(2,017)	(6,618)
State Aid	1,510	1,568	5,182
Income (loss) before Taxation	(486)	(449)	(1,436)
Taxation	—	—	—
Income (loss) after Taxation	R(486)	R(449)	R(1,436)
Capital Expenditure—Quarter	1,732	938	3,482
—Commitments	1,252	2,069	1,252
—Remainder of year	1,838	3,385	1,838
Dividends—declared—Ordinary	—	318	318
—Deferred	—	106	106
—cents per share—Ordinary	—	7·5	7·5
—Deferred	—	425·0	425·0
Loan levy	—	—	—
Development			
Uranium Section			
Advanced (m)	8,062	5,787	17,070
Sampled (m)	2,372	2,342	7,089
Channel width (cm)	59	67	59
Average value—Uranium (cm.kg/t)	62·60	73·17	65·34
—Gold (cm.g/t)	130	165	151
Payable:			
Metres (m)	1,136	1,268	3,487
Percentage	47·9	54·1	49·2
Channel width (cm)	60	89	64
Value: Uranium (kg/t)	1·476	1·442	1·443
(cm.kg/t)	88·13	98·99	92·02
Gold (g/t)	2·61	2·88	3·05
(cm.g/t)	168	203	194
Gold Section			
Advanced (m)	1,020	1,022	2,681
Sampled (m)	295	128	597
Channel width (cm)	130	116	109
Average Value: Gold (cm.g/t)	911	1,440	1,200
Payable:			
Metres (m)	45	32	164
Percentage	15·8	24·7	27·4
Channel Width (cm)	139	54	113
Value—Gold (g/t)	23·12	27·96	20·82
(cm.g/t)	3,210	1,515	2,354

REMARKS

Although the tonnage milled was maintained at virtually the same level as in the previous quarter, gold recovery decreased significantly due to a serious drop in recovery grade. The higher uranium income is due to increased spot sales and it is expected that sales will be substantially higher during the last quarter of this year. Capital was spent mainly on the installation of two radiometric sorters which are to be commissioned during the current quarter.

Good progress is being made with exploiting of the uranium reserves in the Luipaardsvlei area.

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating Results	Quarter ended 30 Sept. 1979	Quarter ended 30 June 1979
Gold		
Mined (Ca)	231,545	217,428
Ore milled (t)	784,000	773,000
Gold recovered (kg)	6,410·934	6,563·970
Yield (g/t)	8·18	8·49
Working revenue (R/t milled)	68·58	59·77
Working costs (R/t milled)	39·27	36·74
(R/Ca mined)	132·97	150·62
Income (R/t milled)	29·31	23·03
Price received on Gold: Sales (R/kg)	8,285	7,038
($/oz)	308	256

Note: The above figures include ore processed by Stilfontein Gold Mining Company Limited.

	30 Sept. 1979	30 June 1979
Uranium		
Pulp treated (t)	771,000	770,000
Oxide recovered (kg)	152,800	157,500
Yield (kg/t)	0·198	0·205
Financial Results (R'000)		
Gold—Working revenue	53,770	48,199
—Working costs	30,790	28,401
—Income	22,980	17,798
Uranium—Income	3,939	2,699
Sundry Mining Income—Net	145	105
Sundry Non-Mining Income—Net	491	578
Tribute and Royalty Payments—Net	(2,510)	(1,379)
Income before Taxation and State's Share of Income	25,046	19,801
Taxation and State's Share of Income	11,281	6,089
Income after Taxation and State's Share of Income	R13,764	R13,712
Capital expenditure—Quarter	4,395	5,325
—Commitments	10,263	9,720
—Remainder of year	24,696	—
Dividends—declared	—	13,200
—cents per share	—	120
Loan levy	827	(603)
Development		
Advanced (m)	16,797	16,872
Sampled (m)	2,034	2,214
Channel width (cm)	114	117
Average value—Gold (cm.g/t)	1,445	1,810
—Uranium (cm.kg/t)	48·97	52·30
Payable:		
Metres (m)	1,278	1,452
Percentage	62·8	85·6
Channel width (cm)	88·2	110
Value: Gold (g/t)	18·39	21·18
(cm.g/t)	1,806	2,319
Uranium (kg/t)	0·568	0·555
(cm.kg/t)	55·81	60·79

REMARKS

The higher tonnage produced from the Southvaal Tribute area resulted in a droo in recovery grade. Underground production exceeded milling capacity aod some tonnage was added to the surface stockpile.

The increase in unit working costs is attributable to the stockpiling of excessive ore end wage increases granted dunng the quarter.

Sinking of the Strathmore shaft system is progressing satisfactorily.

The 27½ level station end air way development is complete. Sinking has progressed to 326 metres below collar and station cutting on 28 level has commenced.

NOTES:

Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.

All financial figures are unaudited.

The quarterly reports have been approved and signed on behalf of the respective companies by two directors. Copies are available from.

London Secretaries:

General Mining and Finance Corporation Limited
Princes House,
95 Gresham Street, London EC2V 7EN.
17th October, 1979.

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ITV 45% offer goes to ballot

BY GARETH GRIFFITHS, LABOUR STAFF

THE Independent Television companies are expected to have to wait at least a week before knowing if their 45 per cent two-year pay offer to the Association of Cinematograph, Television and Allied Technicians will be accepted and broadcasting resumed.

A meeting of ACTT shop stewards and delegates to the union's television branch decided yesterday not to make any recommendation on the offer to its 6,000 ITV members. The offer will be put without a recommendation at a series of shop meetings over the next week.

Early results from a ballot of the National Association of Theatrical, Television and Kine Employees yesterday showed strong support for acceptance of a one-year deal worth about 22 per cent.

Mr. Jack Wilson, NATTKE's general secretary said his members at London Weekend Television, Border, Independent Television News, Ulster Television had voted overwhelmingly in favour of the offer. NATTKE members at Harlech Television at Cardiff voted for a two year deal on the lines of the ACTT offer.

Shop stewards from the Electrical and Plumbing Trades union recommended on Monday that their 750 members in ITV accept a one-year deal. The EPTU national headquarters expect a result at the end of the week.

ITV says it can put on an emergency national service once the three unions have accepted a settlement. The blackout will enter its 11th week tomorrow.

Unions agree public service claim

BY NICK GARNETT, LABOUR STAFF

PUBLIC SERVICE unions yesterday agreed a claim for substantial though unspecified pay increases for more than 1m manual workers employed by local authorities.

The claim, which will be submitted to employers later this month, is principally designed to protect against inflation the value of the awards made by the Clegg Commission. The unions have said that means seeking a deal worth at least 17 per cent.

The unions at yesterday's meeting, the General and Municipal, the National Union of Public Employees and the Transport and General also want a reduction in the working week to an eventual 35 hours.

During separate delegate conferences of the three unions, shop stewards have also pointed to the need to improve the service allowance and shift pay and to increase holiday entitlement by up to a week.

Mr. Charles Donnet, General and Municipal national officer and leader of the union side emphasised earlier this week that the Clegg report had referred to the inadequacy of the service allowance—presently 65p a week after five years.

The report also indicated that the holiday entitlement for local authority manual workers might be two to three days lower than that for comparable groups.

Local authorities are still unsure how much of the Clegg awards they will have to fund. The Rate Support Grant is to be fixed on November 20 and the Government has told the authorities that apart from their need to take £360m off spending, the Government will reduce by £300m its share of the increase order to cover unforeseen spending.

R-R and Sony unions chosen

THE ADVISORY, Conciliation and Arbitration Service has recommended the Rolls-Royce car division should recognise the Association of Scientific, Technical and Managerial Staffs for collective bargaining on behalf of managerial staff.

It has also recommended the United Road Transport Union should be recognised a Sony's Slough depot for collective bargaining on behalf of drivers, warehousemen and storekeepers.

Nuclear workers accept pay deal

BY PHILIP BASSETT, LABOUR STAFF

MANUAL WORKERS employed by the United Kingdom Atomic Energy Authority have reached agreement on a pay deal estimated to be worth between 14 and 27 per cent. It is one of the first public sector pay settlements of the new wage round.

Union officials representing the 4,500 manual workers involved were unhappy about some elements of an earlier offer from the authority, particularly in relation to craft workers' differentials with lower grades.

The deal was formally accepted by the unions involved yesterday after consultations with the membership. It includes the establishment of a new grading structure for general workers, reducing the number of grades from 14 to six.

Because of this change, direct comparisons of rates between grades are more difficult. The deal gives bottom grade manual workers a new rate of £69.50 a week, rising through rates of £71, £73, £75.50 and £78.50 to a top manual rate of £82.

Present rates give the lowest grade manual workers £57.27, middle grade £60.93 and top grade £63.98.

The deal increases the craft rate from £71.35 to £91, and shows a significant improvement on the authority's previous craft rate offer of £87.85.

It includes other minor increases in allowances and shift pay, consequential increases for apprentices, and an annual minimum of 20 days holiday.

● Union officials representing 166,000 industrial civil servants were expected to formally ratify today a staged offer worth 22-30 per cent.

Court rules on election

THE UNION of Construction, Allied Trades and Technicians was wrong to bar a candidate from the election for assistant general secretary because he refused to move from Cambridge to London if he won, a High Court judge ruled yesterday.

Mr. Ivor Jordan, the union's eastern region secretary, had sought the ruling. He had the backing of 100 branches, more than any other candidate, when he was nominated for the post.

The election has been delayed pending the court's decision. The union executive will now have to consider whether to start its election procedure afresh. The judge was told that potential candidates may have been deterred by the understanding that they would have to move to London if elected.

Distillers' strike ends

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE DISTILLERS' Company, which accounts for nearly half the output of Scotch whisky, could be back in full production next week following the acceptance of an improved pay offer by union negotiators.

The workers, members of the General and Municipal Workers Union and the Transport and General Workers Union, had demanded £12 a week raises. They settled for £10 a week back-dated to June 2 rising to £12 a week today.

The unofficial strike of 6,000 workers at distilleries, and blending and bottling halls stopped the manufacture of grain spirit and the export of whisky worth nearly £6m a week.

Employees in malt whisky distilleries are covered by a separate agreement and did not take part in the action. But production of malt had been halted by a lack of yeast and the company had said it would have to lay off 1,100 men next weekend.

ARTHUR SANDLES EXAMINES THE COST OF THE ITV STOPPAGE

Short-term traumas and long-term scars

"THE UNIONS had us wrong right from the start. They thought we would be worried about losing revenue this autumn. But, for us, the next ten years are much more important than the past few weeks."

So said the television boardroom man as we examined the financial devastation of the extended ITV stoppage. The revenue loss is now around £70m. It will be a long time before the scars, both monetary and psychological, are healed.

At this time of year, the biggest of the commercial television companies, Thames, should be taking around £2.5m a week in advertising revenue, only marginally less than recently announced post-tax profits for the whole of the last financial year.

There are similar startlingly large figures to be found in other areas of the business. J. Walter Thompson, the huge advertising agency, was to have spent £2.5m on television time on behalf of clients last month. Only about a third of that went into other media.

The impact on the advertising world, used to deep carpets and expense account lunches, has been traumatic. Initial thoughts that the money would simply be spent later no longer hold true.

Campaigns have been ditched and agencies, which live off commission rather than fees, have been hit hard.

"The way that agencies' business is geared makes them very heavily dependent on the second half of the year for their revenue," says Michael Cooper-Evans, JWT managing director.

With many companies looking to television for three-quarters of their revenues, there have been redundancies and a massive cut back on the use of outside freelances and the once-thriving "Hot shop" business which provide many of the large agencies with their bright ideas.

Mr. Laurie Cox-Freeman, director of Gordon Procter and Partners, which has had to lay off 12 staff because of the dispute, says wryly: "It is going to dent the profits."

Various factors have served to ease the full impact of the revenues loss on the television companies. With three unions involved in the dispute, their salary bills have been drastically reduced. Although the companies have not quite been reduced to care and maintenance levels, clearly, without the cameras turning, day-to-day expenses have been reduced substantially.

To some extent the pressure has been much greater on the smaller companies, and not just for obvious size reasons.

The big network companies which provide the bulk of nationally shown materials) are geared to long-term planning and expenditure and have resources organised accordingly. Many smaller organisations are much more reliant on their day-to-day cash flow.

The present Government Levy system acts as a buffer against disaster to some extent. The Levy is 66.7 per cent of all profits above £250,000 or 2 per cent of revenue, whichever is larger. Corporation tax comes on top of that. Clearly, therefore, the Treasury is a heavy loser in the dispute, probably to the extent of several millions of pounds.

Given that everything is back in normal by mid-November, then Christmas programming on ITV will probably be no different than in any other year. To do a full Christmas schedule the companies probably need no more than four weeks' preparation—provided everything went smoothly in those four weeks.

However, there have already been various hidden changes to forthcoming productions, provoked by the sheer passage of time.

The determination of both sides to dig their heels in for as long as possible was due to the sizeable issues at stake besides money.

New technology is, of course, the major additional factor. Not only does this involve the use of new lighter weight cameras but also a whole new range of gadgetry for back-stage use which will transform the work of numerous departments.

The companies are about to invest heavily in the new generation of equipment, both for their present services and also for ITV 2 which will be starting in a couple of years' time.

As one news manager producer says: "At the moment I've got two crews [illegible] I would sooner have [illegible] man crews." [illegible] but the implications for union demarcation and retraining are considerable.

Union Corporation Group

Directors' Reports of Gold Mining Companies for the quarter ended 30th September, 1979.

MARIEVALE CONSOLIDATED MINES LIMITED

Issued Capital R1,125,000 in shares of 25 cents each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Nine months ended 30th Sept. 1979
Ore Milled (t)	255,000	255,000	750,000
Gold produced—kg.	459	510	1,449
Yield—(g/t)	1·8	2·0	1·9
Revenue per ton milled	R15·60	R14·22	R14·37
Cost per ton milled	R7·85	R7·28	R7·54
Profit per ton milled	R7·86	R6·94	R6·83
Working revenue	R3,952,000	R3,626,000	R10,776,000
Working costs	R1,951,000	R1,857,000	R5,657,000
Working profit	R2,001,000	R1,769,000	R5,119,000
Net sundry revenue	R44,000	R33,000	R127,000
PROFIT before taxation	R2,046,000	R1,802,000	R5,248,000
Taxation	R1,129,000	R1,011,000	R2,904,000
PROFIT after taxation	R918,000	R791,000	R2,342,000
Capital recoupments	R10,000	R25,000	R44,000
Dividend declared	—	R1,800,000	R1,800,000
Loan levy (recoverable)	R107,000	R96,000	R276,000

Dividend
Dividend of 40 cents per share was paid on 10 August, 1979.

BRACKEN MINES LIMITED

Issued Capital R12,600,000 in shares of 90 cents each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Twelve months ended 30th Sept. 1979
Ore Milled (t)	190,000	190,000	770,000
Gold produced—kg.	1,027	1,159	4,682
Yield—(g/t)	5·4	6·1	6·1
Revenue per ton milled	R48·79	R43·94	R42·93
Cost per ton milled	R20·42	R19·03	R19·08
Profit per ton milled	R26·37	R24·91	R23·85
Working revenue	R8,889,000	R8,349,000	R33,054,000
Working costs	R3,880,000	R3,615,000	R14,688,000
Working profit	R5,009,000	R4,734,000	R18,366,000
Net sundry revenue	R460,000	R112,000	R885,000
PROFIT before taxation and lease consideration	R5,469,000	R4,846,000	R19,251,000
Taxation and lease consideration	R3,014,000	R2,948,000	R11,404,000
PROFIT after taxation and lease consideration	R2,455,000	R1,898,000	R7,847,000
Capital expenditure	R38,000	—	R38,000
Dividend declared	R3,920,000	—	R7,280,000
Loan levy (recoverable)	R226,000	R220,000	R852,000
DEVELOPMENT:			
Advanced (m)	529	641	2,097
Sampling results:			
Sampled (m)	162	263	662
Channel width (cm)	45	87	47
Av. value: g/t	19·9	15·7	19·0
cm.g/t	894	1,049	892

Dividend
On 14 September, 1979 Dividend No. 34 of 28 cents per share was declared payable to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979.

Capital Expenditure
Amounts approved by Board but not spent R82,000

Ore Reserves
The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Kimberley Reef	1,400,000 (1,400,000)	7·3 (8·3)	133 (128)
At a gold price of R7,500 Kimberley Reef	2,500,000	5·7	133

KINROSS MINES LIMITED

Issued Capital R18,000,000 stock in units of R1 each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1978	Quarter ended 30th June 1979	Twelve months ended 30th Sept. 1979
Ore Milled (t)	395,000	395,000	1,580,000
Gold produced—kg.	2,293	2,449	8,995
Yield—(g/t)	5·8	6·2	5·3
Revenue per ton milled	R50·68	R44·91	R44·75
Cost per ton milled	R21·49	R20·78	R20·45
Profit per ton milled	R29·19	R24·13	R24·30
Working revenue	R20,018,000	R17,739,000	R70,703,000
Working costs	R8,488,000	R8,206,000	R32,307,000
Working profit	R11,531,000	R9,533,000	R38,396,000
Net sundry revenue	R540,000	R147,000	R1,156,000
PROFIT before taxation and lease consideration	R12,071,000	R9,680,000	R39,552,000
Taxation and lease consideration	R8,762,000	R5,646,000	R22,690,000
PROFIT after taxation and lease consideration	R5,309,000	R4,034,000	R16,862,000
Capital expenditure	R254,000	R170,000	R1,061,000
Dividend declared	R7,560,000	—	R13,320,000
Loan levy (recoverable)	R526,000	R438,000	R1,766,000
DEVELOPMENT:			
Advanced (m)	3,047	2,826	10,987
Sampling results:			
Sampled (m)	973	738	3,069
Channel width (cm)	29	62	49
Av. value: g/t	40·8	12·6	18·7
cm.g/t	1,184	780	918
The above includes development for No. 2 shaft area as follows:—			
Advanced (m)	1,940	1,466	5,551
Sampling results:			
Sampled (m)	686	204	1,041
Channel width (cm)	27	35	30
Av. value: g/t	56·3	33·3	48·2
cm g/t	1,520	1,164	1,445

Dividend
On 14 September, 1979, Dividend No. 23 of 42 cents per unit of stock was declared payable to members registered at 5 October, 1978. Dividend warrants will be posted on or about 15 November, 1978.

Capital Expenditure
Commitments in respect of contracts placed R149,000
Amounts approved in addition to commitments R914,000

Ore Reserves
The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Kimberley Reef	4,700,000 (5,700,000)	8·2 (8·3)	138 (133)
At a gold price of R7,500 Kimberley Reef	6,300,000	7·1	138

LESLIE GOLD MINES LIMITED

Issued Capital R10,400,000 in shares of 65 cents each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Twelve months ended 30th Sept. 1979
Ore Milled (t)	260,000	255,000	1,025,000
Gold produced—kg.	989	1,071	4,201
Yield—(g/t)	3·8	4·2	4·1
Revenue per ton milled	R32·78	R29·50	R28·97
Cost per ton milled	R21·02	R19·28	R19·03
Profit per ton milled	R11·76	R10·62	R9·94
Working revenue	R8,522,000	R7,624,000	R29,696,000
Working costs	R5,465,000	R4,918,000	R19,506,000
Working profit	R3,057,000	R2,706,000	R10,192,000
Net sundry revenue	R384,000	R30,000	R588,000
PROFIT before taxation and lease consideration	R3,441,000	R2,739,000	R10,780,000
Taxation and lease consideration	R1,577,000*	R1,493,000*	R5,586,000*
PROFIT after taxation and lease consideration	R1,864,000	R1,245,000	R5,194,000
*Includes mining tax at formula applicable to State assisted mines.			
Capital expenditure—net	R61,000	—	R34,000
Dividend declared	R2,880,000	—	R5,120,000
Loan levy (recoverable)	R122,000	R116,000	R434,000
DEVELOPMENT:			
Advanced (m)	802	736	3,390
Sampling results:			
Sampled (m)	351	362	1,487
Channel width (cm)	18	13	18
Av. value: g/t	20·9	25·4	20·4
cm.g/t	396	330	367

Dividend
On 14 September, 1979 Dividend No. 30 of 18 cents per share was declared payable to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979.

Capital Expenditure
Amounts approved by Board but not spent R110,000

Ore Reserves
The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Kimerley Reef	1,600,000 (1,600,000)	5·8 (6·2)	127 (124)
At a gold price of R7,500 Kimberley Reef	3,200,000	4·6	127

WINKELHAAK MINES LIMITED

Issued Capital R12,180,000 in shares of R1 each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Twelve months ended 30th Sept. 1979
Ore Milled (t)	525,000	525,000	2,100,000
Gold produced—kg.	3,885	3,865	15,488
Yield—(g/t)	7·4	7·4	7·4
Revenue per ton milled	R62·83	R52·41	R52·03
Cost per ton milled	R18·00	R17·02	R16·88
Profit per ton milled	R44·83	R35·39	R35·15
Working revenue	R32,988,000	R27,514,000	R109,288,000
Working costs	R9,450,000	R8,938,000	R35,441,000
Working profit	R23,536,000	R18,576,000	R73,828,000
Net sundry revenue	R1,084,000	R614,000	R2,788,000
PROFIT before taxation and lease consideration	R24,620,000	R19,192,000	R76,814,000
Taxation and lease consideration	R14,481,000	R11,907,000	R46,576,000
PROFIT after taxation and lease consideration	R10,139,000	R7,285,000	R30,038,000
Capital expenditure	R806,000	R36,000	R937,000
Dividend declared	R15,225,000	—	R24,969,000
Loan levy (recoverable)	R1,078,000	R888,000	R3,474,000
DEVELOPMENT:			
Advanced (m)	2,796	3,183	12,172
Sampling results:			
Sampled (m)	512	736	2,840
Channel width (cm)	34	70	55
Av. value: g/t	21·5	15·7	19·9
cm.g/t	732	1,098	1,094

Dividend
On 14 September, 1979 Dividend No. 39 of 125 cents per share was declared payable to members registered at 6 October, 1979. Dividend warrants will be posted on or about 15 November, 1978.

Capital Expenditure
Commitments in respect of contracts placed R1,575,000
Amounts approved in addition to commitments R7,249,000

Ore Reserves
The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Kimberley Reef	7,700,000 (7,000,000)	9·2 (9·8)	157 (157)
At a gold price of R7,500 Kimberley Reef	9,400,000	8·3	157

BEISA MINES LIMITED

Issued Share Capital R3,925,000 in shares of R1 each.

Loan Capital advanced to date: R73,497,000.

Shafts
The No. 1 Ventilation Shaft has reached a depth of 663 metres. Station cutting on 1 level has been completed and has commenced on 2 level.
The No. 1 Shaft has reached a depth of 485 metres.

General
Construction continued on the erection of the mine's surface buildings including shaft offices, change houses, engineering workshops, geological offices and the hostel for blacks.
The first mill silo has been erected and tarring of internal roads has commenced.
In Welkom 89 houses for white employees have been completed.

Capital Expenditure
Expenditure to date on property, shafts, plant and equipment and general expenditure has amounted to R38,615,000.
Commitments in respect of contracts placed R26,682,000
Amounts approved in addition to commitments R117,284,000

ST. HELENA GOLD MINES LIMITED

Issued Capital R9,625,000 in shares of R1 each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Twelve months ended 30th Sept. 1979
Ore Milled (t)	492,000	[illegible]	[illegible]
Gold produced—kg.	4,345	[illegible]	[illegible]
Yield—(g/t)	8·8	[illegible]	[illegible]
Revenue per ton milled	R72·30	[illegible]	[illegible]
Cost per ton milled	R24·43	[illegible]	[illegible]
Profit per ton milled	R47·87	R38·21	[illegible]
Working revenue	R35,572,000	[illegible]	[illegible]
Working costs	R12,018,000	[illegible]	[illegible]
Working profit	R23,554,000	[illegible]	[illegible]
Net sundry revenue	R614,000	R250,000	[illegible]
PROFIT before taxation and lease consideration	R24,168,000	R18,595,000	[illegible]
Taxation and lease consideration	R14,412,000	R10,750,000	[illegible]
PROFIT after taxation and lease consideration	R9,756,000	R7,845,000	[illegible]
Capital expenditure	R403,000	R295,000	[illegible]
Dividend declared	R16,844,000	—	[illegible]
Loan levy (recoverable)	R1,164,000	[illegible]	[illegible]
DEVELOPMENT (Basal Reef):			
Advanced (m)	2,062	1,599	[illegible]
Sampling results:			
Sampled (m)	271	195	1,072
Channel width (cm)	122	[illegible]	102
Av. value: g/t	8·3	10·0	10·3
cm.g/t	1,011	924	1,054

Dividend
On 14 September, 1979 Dividend No. 45 of 175 cents per share was declared to members registered at 5 October, 1979. Dividend warrants will be posted on or about 15 November, 1979.

Capital Expenditure
Commitments in respect of contracts placed R127,000
Amounts approved in addition to commitments R902,000

Ore Reserves
The tons, grade and milling width have been re-estimated at 30 June, 1979 and are shown below with the 1978 estimates in brackets.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Basal Reef	8,100,000 (7,500,000)	14·1 (15·5)	163 (164)
At a gold price of R7,500 Basal Reef	10,900,000	11·6	163

THE GROOTVLEI PROPRIETARY MINES LIMITED

Issued Capital R2,859,704 stock in units of 25 cents each.

OPERATING RESULTS:	Quarter ended 30th Sept. 1979	Quarter ended 30th June 1979	Nine months ended 30th Sept. 1979
Ore Milled (t)	405,000	390,000	[illegible]
Gold produced—kg.	1,701	1,755	[illegible]
Yield—(g/t)	4·2	4·5	[illegible]
Revenue per ton milled	R36·37	R32·30	[illegible]
Cost per ton milled	R18·69	R17·18	[illegible]
Profit per ton milled	R17·68	R15·12	R14·59
Working revenue	R14,730,000	R12,599,000	[illegible]
Working costs	R7,568,000	R6,702,000	R20,401,000
Working profit	R7,162,000	R5,897,000	[illegible]
Net sundry (expenditure) revenue	R(36,000)	R(35,000)	R(24,000)
PROFIT before taxation	R7,126,000	R5,862,000	[illegible]
Taxation	R3,946,000	R3,258,000	R9,430,000
PROFIT after taxation	R3,180,000	R2,604,000	[illegible]
Capital expenditure—net	R67,000	—	R66,000
Dividend declared	—	R4,113,000	[illegible]
Loan levy (recoverable)	R376,000	R310,000	[illegible]
DEVELOPMENT (Kimberley Reef):			
Advanced (m)	1,305	1,017	3,240
Sampling results:			
Sampled (m)	936	552	[illegible]
Channel width (cm)	34	34	34
Av. value: g/t	26·6	40·2	29·3
cm.g/t	904	1,367	996

Dividend
Dividend of 36 cents per unit of stock was paid on 10 August, 1979.

Capital Expenditure
Amounts approved by Board but not spent R749,000

UNISEL GOLD MINES LIMITED

Stated Capital 28,000,000 shares of no par value.

DEVELOPMENT:	
Advanced (m)	5,585
Sampling results:	
Sampled (m)	1,018
Channel width (cm)	168
Av. value: g/t	8·0
cm.g/t	1,347

Stoping
The tempo of development and trial stoping reached during the quarter enabled the mine to come into official production with effect from 1 October, 1979. A portion of the area currently being stoped has been affected by an intrusive sill. This has resulted in some of the gold being encapsulated in pyrite, the pyrite crystals being so small that the normal milling process does not fracture the crystals sufficiently to expose all the gold to dissolution by cyanide. A similar problem was encountered in the early years of St. Helena Gold Mines Limited.

Although laboratory testing of samples from the affected area have given below average recoveries the overall mill recovery for the past month was 90%. This compares with the 95% expected, which is in conformity with recoveries being obtained by other gold mines in the Union Corporation Group.

Only two boreholes out of nine in the Unisel lease area indicate the presence of this sill; these are close to each other and to the shaft system. A limited area of influence can thus be expected but the precise extent remains to be defined by development.

Fortunately the effect of this lower recovery has been more than offset by the present unexpectedly high gold price. Revenue from gold sales for the quarter amounted to R4,839,000.

Capital Expenditure
Net expenditure for the period under review on shaft, plant and equipment and general expenditure amounted to R4,415,000 (to date R70,140,000).
Commitments in respect of contracts placed R231,000
Amounts approved in addition to commitments R3,830,000

Ore Reserves
The tons, grade and milling width have been estimated at 30 June, 1979 and are shown below.

	Tons	Grade (grams per ton)	Milling Width (centimetres)
At a gold price of R5,500 Basal Reef	500,000	9·0	200
At a gold price of R7,500 Basal Reef	700,000	6·9	200

It is to be noted that ore reserve calculations have been based on the relatively small meterage of reef exposed in the development to date and within an area of indicated lower grade.

All the above companies are incorporated in the Republic of South Africa.

The quarterly reports have been approved and signed on behalf of the respective companies by two directors. Copies are available from:

London Secretaries:
Union Corporation (U.K.) Limited,
Princes House, 95 Gresham Street, London EC2V 7BS.
17th October, 1979.

Companies spend too much time and money on new products when there are plenty of . . .

New profits from old products

BY PETER KRAUSHAR

NEW PRODUCTS are always the rage; companies spend much time and money on them in the hope that they will be able to find suitable profitable opportunities additional to their current business. Yet how many companies take "old product development" really seriously? It is almost a cliché that the best opportunities are those where a company is able to find an edge over the competition because of an inherent strength that others do not have. Let a company examine its resources not in terms of new products but in relation to its major established product or service. Its organisation is particularly well suited to handle it; it probably knows its market far better than anyone else, having been in it for years; is it unlikely that any other company can rival it in terms of R and D or production on the product it has developed and produced over the years? Again there must be competitive strengths in the trade franchise, the distribution know-how, the merchandising at the point of sale. It is obvious that a company knows (or should know) more about its products or services than anyone else and so has tremendous competitive advantages in developing or redeveloping them. It is also clear that in practice most companies make the bulk of their money from the established products—the Bovrils, Bistos, Oxos, Persils, Brassos, Dettols, Colmans of this world—which provide the funds for the new product development and diversification activities.

The subject of "old product development" has never been treated with as much attention as new product development, so the Old Product Development Seminar organised recently by Company Communications Centre was particularly interesting. It consisted of a number of case histories which covered many different aspects of the subject.

The recent story of wool, as promoted in the UK by the International Wool Secretariat, was of a product whose share had been declining and which had an old-fashioned consumer image in comparison with synthetic fibres with their significant price advantages.

The IWS and their agency, Davidson Pearce, decided to try to reverse the trend with single-minded concentration on the positive emotional qualities of wool to promote the end products as well as wool itself in the context of the woolmark. Over the last five years the advertising has been centred on the use of sheep, despite their very unlovable image for the Australian farmers: sheep in the press, sheep on TV, sheep on point of sale material, sheep being shown walking down London streets accompanying well dressed men and women in their woollen clothes—they have provided a distinctive approach which only wool could have used and there has been complete consistency of both content and advertising weight for five years. The approach has paid off, being undoubtedly helped by the general worldwide trend towards natural fibres; wool has regained share in its various sectors and is still gaining.

Another example of an attempt to reverse a falling trend consisted of Reckitt's relaunch of the Supersoft hair care range. The brand had been losing share for some years in a very competitive market, so a two year project took place including the company's marketing and market research departments, the laboratory, the advertising agency and a pack design agency. Distinctiveness was the main aim of the exercise and this was achieved particularly by means of a distinctive packaging form as well as by surface design linking the whole range. It is too early to be sure of the success of the relaunch, but the initial results have been promising.

The Bisto Kids in 1919—left—and in 1976 when they returned most successfully after being dropped for 15 years

Old product development covers sustaining established brands over the long term and both Bisto and Persil are excellent examples of this. RHM's Bisto is now almost 70 years old and its sales continue to rise, being currently three times the volume of the 1940s and twice that of the 1950s. The product consisting only of salt, starch and caramel has never changed neither has the claim "Browns, Seasons and Thickens" which is in fact the basis for the name. It has been advertised consistently over the years and the Bisto Kids were strongly related to it from the beginning, in an effort to give character and interest to a fairly dull product; they were dropped for fifteen years, but returned most successfully in 1976.

Attempts to broaden the Bisto brand were resisted until 1976 when Onion Bisto was launched and this year Bisto Rich Gravy Granules have gone into national distribution after many years' careful test marketing. Whether this is old or new product or brand development hardly matters. What is fascinating is that Bisto has 70 per cent of a £30m market and despite many attempts has no direct national competitor because 70 years' consistent branding has made it difficult for a second major brand to enter the market.

Persil is a younger brand, having been brand leader in washing powders for only 50 years except one period in 1969! P and G attacked Persil again and again: in 1950 they launched Tide, a detergent expected to make soap powders obsolete, as has happened in all other countries except the UK: Persil continued to prosper so in 1958 P and G launched a directly competitive product, Fairy Snow, but it took share from other soap powders rather than Persil: in 1967 P and G launched Ariel the biological powder and this did affect Persil and Levers for some time, especially as Radiant, Levers' answer to Ariel proved disappointing. All these years Levers had been reacting to P and G's initiatives and, though Persil had surprising staying power, in 1969 its share had fallen to a low of 20 per cent. It was then that Levers stopped reacting and started taking the initiative; the growing number of automatic washing machines in the UK led to the need for a new specially formulated product, so Levers launched Persil Automatic taking advantage of the Persil branding. In 1972 Persil and Persil Automatic had in total 24 per cent of the market. By 1976 this had grown to 31 per cent and further gains were seen in 1977 and 1978—32 per cent and 35 per cent respectively. This long term success was again largely due to consistency of approach; the product has been promoted since the 1950s as the good performance product which provides housewives with certain emotional rewards; the product has been consistently improved but the message has remained broadly the same, the advertising and the pack design being modified just to adapt to the changing perceptions of mothers.

The story of Smith's Crisps also has a number of lessons. The brand grew enormously since Frank Smith started it in 1920, but there have been some setbacks in recent years including Golden Wonder's entry into the market, especially into grocery distribution, in 1964, aggressive competition also from KP and Walkers, some failings in product quality and lack of consistent marketing support above the line. In the last few years the brand has been revitalised; product quality has been improved; added value has been generated through exclusive flavours, e.g., Bovril crisps, through packaging e.g., multipacks and family packs, regional varieties e.g., tomato flavour crisps in Scotland only, innovation e.g., Salt'n Shake which is interestingly unique in having the blue salt bag which had gone out of crisps in the 1960s. Most importantly Smith's Crisps are being relaunched as a strongly advertised line; new packaging has been followed by new advertising on the "Smith'd" theme which has been tested successfully in Harlech and Southern.

The main lesson from all these case histories may be obvious, but it is nonetheless valuable, as it is rarely practised; the brands that enjoy long term success usually win through consistency—consistent product quality, consistent branding appeal, consistent advertising weight; the temptation to have change for change's sake must be firmly resisted.

Peter Kraushar is chairman of Kraushar Andrews and Eassie.

British Rail angers Standards Authority

NOT MANY advertisements arouse enough anger in the public to make them complain to the Advertising Standards Authority, but the ads, from British Rail, promoting the Family Railcard, produced twenty letters of outrage in August alone. Virtually everything was wrong with it, and the ASA upheld three of the specific complaints. In future British Rail is to confer with CAP/SA at an early stage to avoid misleading details, or rather the omission of facts which make all the difference to the offer.

Another criticism was of Bassett's Liquorice Allsorts "Win £12 a week for life" competition. New judging criteria were added after the replies had arrived and details of winning entries were withheld. The H. G. Wells Society was up in arms because the film "The Shape of Things to Come" took advantage of Wells's name, even though the actual production bore no direct relationship to his book.

Perhaps of more importance to advertisers and agencies was the upholding of a complaint disputing the claim that experience proved that an automatic transmission gear box was less likely to go wrong than a manual system. Although Borg-Warner produced the results of a sample survey of 2,372 Swedish cars to support its claim the ASA did not regard it as an adequate substantiation.

THE MARKETING SCENE

Counting the cost

BY ANTONY THORNCROFT

IF THE television strike ends in the near future it will have ended just in time for the advertising agencies to salvage a morsel of profit from 1979. As it is the dispute has turned what looked like being another very good year for most agencies into one in which the much depended upon Christmas bonus will disappear for some while others will just manage to survive.

For the financial problems will not stop the day Crossroads returns—there will still be some weeks before the cash starts to flow in normally again. However, long suffering suppliers, who have resignedly been waiting for payment from the hard pressed agencies, will presumably be prepared to hold on a little longer for their money, and understanding banks should now allow the overdrafts to climb higher.

The statistics of the dispute are frightening. David Wheeler of the IPA has surveyed the 30 largest agencies and he reckons the loss in TV billings at £60m. Of this sum only £15m has gone into other media while around £25m should manage to find its way back on to television in time. Advertising lost never to return is put at £20m. But this £45m gone, or currently in limbo, represents £7m in income which agencies have not received, and with costs, mainly salaries, fixed, the short-term deficits have been substantial, and will stay so, at least until early next year.

If the financial loss is not in dispute the agencies are more divided on whether the strike will have any permanent impact. There is also uncertainty about what will happen to ITV ratings once the companies are back broadcasting. Some agencies believe it will be some time before ratings suggest a decent audience again, while others, such as Mike Townsin at Young and Rubicam, are confident that the ratings will be back to normal within a week or so. He bases this forecast on boredom with BBC, the good programmes ITV should have in its locker, and the experience of Granada in 1970 when, after a four-week break, the audience returned at once.

There is less argument about the cost of advertising during the rest of the year. As Charles Saatchi (who is more circumspect about the ratings) says "the sad thing is that advertisers will be fighting for an audience which may not be there." The best bet is that the flood of money, chasing a fixed amount of time, will make most decent spots only available at the top rate and this will push up costs for the advertiser by around 30 per cent. In addition rate increases of up to 20 per cent could make TV advertising pre-Christmas half as expensive again as a year ago. This will not deter many agencies or their clients. "TV is the most effective medium for so many products," says Saatchi. However, there is a possibility that some of the advertising which cannot be got away before the end of the year will not be held over into 1980. Those companies with a financial year ending on December 31 may well save some of the uncommitted advertising budget and use it to cheer up their profits.

Charles Saatchi—"advertisers will be fighting for an audience which may not be there"

Although the strike looks as if it might end just in time—November last year produced a record revenue of £39.7m and a new high will certainly be set next month—there is a belief in some agencies that things will not return to normal, at least below the surface. "Agencies should learn of the danger in of putting all their eggs in one basket. I think the strike has done a great deal for radio and the national Press," says Mike English of Ted Bates. This view is supported by Mike Johnson of Masius. "Sensible people will say we must start thinking afresh about the way we can intelligently use newspapers. Once you have an upset like this it has a nasty way of repeating itself." Johnson thinks that many advertisers, using newspapers for the first time in years, have been surprised at the improvement in the quality of the advertisements and in the techniques now used by the Press. His agency might well spend more in the medium.

One other change may be in the way advertisers pay their agencies. In the main, clients have rallied around: it was not in their interest to let their agencies go out of business. But the minimum fee system, which has been growing rapidly in recent years anyway, should get a fillip: agencies relying on at least some income have been in a better shape than those dependent on commission from advertising placed. Another area that will be considered is the relationship between the TV companies and both advertisers and agencies, who were appalled at the handling of the dispute, especially in its early stages. Eventually the TV companies responded to the complaints of agencies and tried to keep them better informed and to agree to delaying some of the debts owed them.

In the main, things will probably return quickly to normal but with agencies and advertisers complaining about the higher costs and worrying how they can accumulate a decent profit before the anticipated down-turn in the business starts in earnest in 1980.

First for Grandfield

GRANDFIELD, Rork, Collins, the heavyweight new agency led by Nigel Grandfield, ex-chairman of McCann Erickson and two other alumni of that agency, has picked up its first account, the substantial Spar advertising, worth £1m plus. Spar was with Harrison McCann, which was among the agencies pitching.

GRC has acquired premises at 20, Greek Street, and is talking to more prospective clients. It aims to offer big time experience to clients who want a small to medium-sized agency. At the moment it employs seven personnel, but is growing fast.

● Saatchi & Saatchi has gained the United Biscuits advertising which was formerly with Masius. That agency had to resign the account because of conflicts with Mars, one of the biggest international clients. The choice of Saatchi is no surprise since the agency already handled for UB brands with an annual advertising spend of £2.5m. The new business brings in another £2.5m, including McVities' Digestive and Chocolate, Homewheat, the two best selling lines in the UK.

● DMK, the co-ordinating organisation for the West German dairy industry with interests in the UK, has signed up footballer Kevin Keegan for a flat "*five-figure*" fee. Keegan will become a roving DMK ambassador in Europe for the two-year contract.

● *Non-working housewives* may still find shopping a pleasant diversion but working housewives dislike it—and that's about *half* of *all* women in the UK—according to the latest Harris International, Shopping and Promotion Intelligence report. The findings are based on a series of shopper group discussions. It is interesting to note that all the socio-economic groups would like some form of delivery from their supermarkets and they are totally confused by price-off flash packs.

● Forecasting a total market of £30m next year, Golden Wonder's Pot Noodle is now in national distribution and is claimed to have a 70 per cent share. Competitor Knorr Noodle is now in five major areas and CPC (UK) plans to spend £800,000 next year on TV.

● Everett's now acts for Cuprinol and the U.S. firm Pennbeauty Inc.

● Bailey's Irish Cream pre-Christmas budget of £550,000 has been reallocated into the national Press and (colour pages) magazines. Agent: Young and Rubicam.

● Pioneer High Fidelity (GB) is spending £750,000 on its latest campaign. Agent: Grey Advertising.

● Spong is launching a new houseware range, designed by Conran Associates, called 1856—the date of the firm's foundation.

● The object of the latest—£250,000—Press campaign for Compisn is to extend its image from the traditional "serious illness and old people" profile. Double-page spreads in women's magazines show typical family illness situations. Agent: Colman and Partners.

● The five-day World Congress of the International Advertising Association will begin on May 19 in Durban, South Africa, next year. Speakers include Dr. Anton Rupert, Mr. Harry Oppenheimer and Ann Burdus and Barry Day of McCann.

● In another move from TV to Press Bowyers is mounting a coupon operation and using local radio for its move into Lancashire.

LOMBARD

The penalties of invention

BY DAVID FISHLOCK

LAST WEEK a Briton won a Nobel Prize for Britain's most highly publicised invention of the Seventies. For Godfrey Hounsfield the award was the greatest of some 35 scientific honours showered upon him since a new EMI management at the start of the decade discovered his brainscanner languishing in the laboratory and embarked—unaided by government—upon an investment costing £260m so far to bring it to the market.

But while EMI was hastily arranging a Press conference for its diffident inventor, its directors must have been pondering the ironies—in fact, the horrendous hazards—lurking behind major inventions. For a few years the brainscanner had made EMI—badly in need of a boost—a glamour stock of the City. Today it is widely, if a little unfairly, seen as the main cause of the group's troubles, leading up to this week's bid from Thorn.

Courage

Britain is often accused of failing to exploit its own inventiveness; of letting others make off with its best ideas and turn them into money. (As it happens, the French believe that they too are "exploited" in this way.) But here was a case where a company, after some initial hesitation, had picked up the ball and begun to run very hard.

It recognised from the outset that Britain's National Health Service would never purchase enough of these very expensive instruments to justify the launching costs needed for the brainscanner. So it headed straight for the rich U.S. market; one which no British company in medical technology had had the courage to tackle head-on before.

But the U.S. in the mid-1960s had been the birthplace of the very idea of "computerised axial tomography" (CAT), as the scanner technology is called. Perhaps a score of companies worldwide, of which a dozen were in the U.S. itself, were trying to translate the ideas of Professor Allan Cormack—with whom Hounsfield shares his Nobel Prize—into rival brainscanners. They included such formidable competitors as U.S. General Electric, for which medical X-ray technology is a major and long-established business sector. GE would no more permit an outsider like EMI, and foreign to boot, to make off with its market than it would permit Rolls-Royce to corner the world market in aero-engines.

EMI recognised all this well enough. It reckoned that it could expect to remain brand leader only briefly. But it hoped to be able to carve a sufficiently large slice of the market to justify the launching costs and to open a new and stable market in medical engineering for the group.

If Godfrey Hounsfield himself is culpable in any way for EMI's downfall it is because he was too inventive in the CAT-scanner field. EMI remained brand-leader for longer than even its own directors believed possible. It built up an enviable inventory of over 500 patent applications worldwide. Meanwhile, its rivals—even GE—ran into technical problems.

When trouble struck the CAT-scanner market in 1978, EMI was the company most obviously exposed. The CAT-scanner became the target of worries over runaway costs of U.S. medical care. Restrictions were introduced by the U.S. Government, severely curtailing sales. Neither Europe nor Japan was ready to replace the U.S. market with the volume of orders achieved in the mid-1970s.

Should EMI have spread its investment more widely? The potential competition in Europe and Japan was no less formidable. Moreover, the cost would have been crippling and the initial success achieved in the U.S.—the major source of EMI's earnings of £271m from CAT-scanners since 1973—may well never have materialised.

Expensive

Should the British Government have stepped in? By no stretch of the imagination would it have been politically possible for the NHS to order enough of these expensive tools from EMI to salvage the group from its American misfortunes.

The sad conclusion is that there was no way that Britain, much less EMI, could have continued alone to exploit this technology. It is a conclusion that must be kept sharply in mind with the still more expensive investments facing Britain in the energy technology, aerospace and micro-electronics sectors—the most rapidly advancing areas of engineering.

Banks responsibility in insolvency cases

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE GREY area of law, concerning a bank's responsibility towards the creditors of its insolvent client, has been illuminated by a tiny ray of light thrown on it by the French Court of Cassation*.

The Commercial Bench of the Court dismissed an appeal by the Banque d'Escompte et de Depot against a decision of the Appeal Court in Aix-en-Provence which held that the bank was liable jointly with the directors of Combustibles et Carburants de France (CCF), a limited company, to that company's unsatisfied creditors.

The case has a familiar ring. Complaints that banks, protected by a floating charge, keep their clients in business much too long, to the detriment of other creditors, are often heard in the UK.

If an allegation was ever made in court that a reputable British bank actually knew that the directors of a client company continued in business to defraud creditors, it has escaped wide publicity, and certainly is not known to this writer.

On the contrary, it is recorded that one of the British clearing banks was brought before a judge in Birmingham, some decades ago, for putting in a receiver too early.

This state of affairs has much to do with the wording of Section 332 of the Companies Act 1948 which makes it a criminal offence for any person to become knowingly a party to business done by the directors of a company with the intent to defraud creditors—that is by keeping them in the dark about an inevitable insolvency.

The difficulty of Section 332, and the reason why this area of the law can be called "grey" is the very subjective nature of the yardstick applied both to the directors of the company and to the bank suspected of being an accessory to fraudulent trading.

First, it would be necessary to prove not only that the directors of the company knew that the company was technically insolvent—that is, unable to meet due debts in time—but also that they intended to defraud creditors.

Few businessmen will admit that they are insolvent at the point where they have to delay a single payment which becomes due. The commercial notion of insolvency relies on the comparison of assets and liabilities. It is a matter of temperament: an optimistic person will anticipate more from his assets, if realised, than a pessimist. This fact of life makes it almost impossible to prove intent to defraud.

When it comes to the bank's responsibility, the impact of Section 332 is further diluted by the requirement that in order to become an accessory to fraudulent trading, the bank would have to become *knowingly* a party to it. All western systems of company law grapple with more or less the same problem.

The contribution of the French decision is in giving a wider implication to the requirement that (in order to be liable) the bank must have known that creditors would lose in an inevitable winding up of the company.

In France, the responsibility of a bank will be judged in such a case under the general provisions of the Penal Code applying to an accessory. In the case before the Court of Cassation the bank claimed that it had no direct knowledge of the difficulties of the client company. The CCF, a small company with a capital of only FFr 20,000, opened an account with the bank in October 1969. The bank discounted its bills and allowed an overdraft on the current account.

One of the most important clients of the CCF was Sedic Petroleum. In 1970 this customer paid in the form of bills of exchange sums amounting to FFr 6m, which represented 60 per cent of all bills presented by CCF to the bank for discounting. In January 1971, Sedic Petroleum became insolvent. It did not meet several of its bills of exchange and its cheque for FFr 950,000, paid in by the CCF, bounced. The French bank, which obviously believed in the usefulness of Nelson's blind eye, continued to provide CCF with credit as usual. But it succeeded in bringing its own money home by gradually reducing the client's overdraft and making the client repay other liabilities so that it did not lose anything when the CCF became insolvent in November 1971.

The Court of Appeal held, and the Court of Cassation confirmed, that the bank was wrong in believing that it could act as it did as long as it was not expressly told what effect the failure of Sedic Petroleum would have on its client, CCF. On the contrary, the bank was obliged to investigate the situation and to find out what would be the likely consequences. Had it done so it could have easily discovered that the insolvency of such an important customer would bring the whole business of CCF into jeopardy and, that by providing further credit, the bank helped the company to continue, until November 1971, activities which generated further losses.

The decision shows the French Supreme Court at pains to put an end to the restrictive interpretation of the bank's negligence, in a situation verging to bankruptcy or the winding up of a company. The case before it was commonplace, a situation familiar to all bank managers.

It was not simply a case of irregular transactions — the credits and facilities granted by the bank to the sinking client were perfectly regular. Nor was it a normal rescue operation, for which French courts have shown full understanding in the past. Rather, it appears, the bank kept the business alive as long as necessary to recover its own money, then let it fall as soon as this end was achieved.

The decision upholds the conventional principle, observed also in the UK, that a banker does not become involved automatically by the mere fact of the client's failure, but only when he knows about the impending failure. The important addition to the law is the ruling concerning the flow of information.

The banker can no longer sit and wait until he is told. He must take the initiative and inform himself about the situation of the relevant client. At the same time the judgment makes it very clear that in the case under review the bank already had the necessary information, as it knew about the dishonoured bills and unpaid cheque of the client's principal customer.

In these circumstances, the bank "was obliged to inquire into the effect which the failure of Sedic Petroleum would have on the finances of CCF," said the court. As the bank did not do so, it became liable to the creditors jointly with the directors of the insolvent company.

* * *

THE French decision found an echo in the latest Herrstadt decision of the Bundesgericht (BGH) the German Supreme Court. As reported in this column, the German court held that it was not enough for the Federal German Banking office in Berlin to wait until it received information about the precarious situation of a bank. It must take active steps to ensure that it receives adequate reports in good time, otherwise it might become responsible to the bank's creditors.

Such a failure of the Federal Banking Office cannot be absolved by a report of a committee of inquiry. As another recent judgement of the BGH (in the case of the striking flight controllers) confirms, the Bonn Government can be held liable for damage caused by the failure of its servants to do their duty.

* *La Semaine Juridique (Comm et ind) No. 27, Report 13068, 1979.*

Kris the choice for Newmarket

RACING

BY DOMINIC WIGAN

KRIS, UNBEATEN in a busy season since going down to Tap on Wood in the 2,000 Guineas, this afternoon returns to seven furlongs at Newmarket after four successive victories over a mile.

Henry Cecil's charge, bidding to give Joe Mercer a follow-up victory in the Bisquit Cognac Challenge Stakes at Newmarket, which the Warren Place jockey won a year ago on Spence Bay, undeniably deserves a market position.

However, reverting to six or seven furlongs after a long spell over a mile often presents problems and Kris—sometimes slow to reach full momentum—will need to be at his best to maintain his track record.

In the belief that Cecil would not risk him were he not confident that the handsome chestnut remains in top form, I shall be looking for another clear-cut victory by Britain's top miler.

In the sad absence of Irish River, who might have answered the question as to who can be considered Europe's outstanding performer over seven furlongs to a mile, Absalom is the most likely to give the selection a tussle.

This ultra-tough four-year-old, trained by Ryan Jarvis (responsible for five winners from seven runners in the past week) made light of a formidable burden when lifting the £8,000 Playboy Championship sprint in the hands of Lester Piggott at York last week.

The nine-times champion again partners Absalom who is likely to bow out in the Prix de la Foret at Longchamp on October 28, where he could well provide Ryan Jarvis with his last runner.

Although Ringgit failed to justify strong late support when ridden by Piggott at the past meeting at Newmarket he ran well to come third and now looks likely for victory in the Fordham Handicap. In the handicap the Targowice bay's allotted 7 st 7 lb will be reduced by a further 3 lb through Walter Swinburn's 3 lb weight allowance.

NEWMARKET

1.30—Come on Taffy
2.00—Ringgit***
2.30—Winslow
3.05—Kris**
3.55—Stubbington Green
4.05—Rafael Molina
4.35—Into Action*

TV/Radio

BBC 1

† Indicates programmes in black and white

9.00 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 The All New Popeye Show. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide from Belfast.
6.55 Tomorrow's World.
7.20 Top of the Pops.
7.55 Blankety Blank.
8.30 Citizen Smith.
9.00 News.
9.25 Play for Today.
10.40 Shirley Williams in Conversation with European MP Willy Brandt.
11.20 The Sky at Night.
11.40 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—9.47-10.30 and 11.30-11.50 am For Schools. 12.40-12.45 pm Scottish News. 2.40-3.00 For Schools. 5.55-6.20 Reporting Scotland. 10.40-11.20 Current Account. 11.40 News and Weather for Scotland.

Wales—2.15-2.35 pm I Ysgolion. *5.55-6.20 Wales Today. 6.55-7.20* Heddiw. 11.40 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek. 11.40 Tomorrow's World. 12.05 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 Open University.
6.55 Carriage Driving from Scone Palace.
7.20 Mid-Evening News.
7.30 Newsweek: Profile of Chairman Hua Guofeng.
8.05 Of Gods and Men.
8.35 Empire Road.
9.00 Tony Bennett Sings.
9.30 Bloomers.
10.00 Circuit Eleven Miami.
10.45 A Diary of Britain.
11.25 Late News on 2.
11.40 Closedown, reading.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Lunchtime News, What's On Where and weather. 5.00 Puffin's Birthday Greetings. 5.05 Woody Woodpecker. 5.30 Lone Ranger. 6.00 Report at Six Extra. 7.00 Aronson. 7.55 Documentary. 8.25 Feature Film: "Nightmare in Chicago." 9.50 Channel Late News Headlines and weather. 9.55 Mannix. 10.50 News in French, etc.

Radio Wavelengths		
1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf; London Broadcasting: 1151kHz, 261m & 97.3vhf.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 8.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Talkabout. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from Newmarket. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 8.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Jim the Great. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Sheila Tracy (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture, concert part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composers: The Court of Dresden (S). 9.45 BBC Northern Singers, Concert, part 1 (S). 10.30 Interval Reading. 10.35 Concert, part 2. 11.20 Franz Reizenstein: Piano Quintet in D (S). 11.55 BBC Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Midday Concert (S). 2.00 Delius As I Knew Him (Talk by Eric Fenby) (S). 2.55 Accordion Quare (S). 3.25 Brahms and Schumann Songs (S). 4.05 Youth Orchestras of the World (S). 5.25 Homeward Bound (S) (†only from 5.45) including 5.45-5.50 News. †6.15 At Home. 7.15 Talking about Music, with Antony Hopkins (S). 7.45 The Promise Unfulfilled: Hugh Gaitskell (talk by Bernard Donoughue). 8.05 French Baroque Miniatures (S). 8.30 Beckett at the National (S). 9.30 20th-Century Piano Music by Bartok, Schoenberg, Dallapiccolo (S). 10.15 Building a Library of Records (S). 11.55-12.00 News.

VHF only—6.40-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.45 The Pavilion on the Links. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.05 The Secret Life . . . of Jack Johnson. 10.30 Daily Service. 10.45 The Lacquer Lady. 11.00 News. 11.05 File on 4. 11.50 Piano Parlour. 12.00 News. 12.02 pm You and Yours. 12.27 Many a Slip (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 *Afternoon Theatre* (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Hallé Orchestra, part 1: Smetana, Suk, Rachmaninov (S). 8.15 A Double Life. 8.30 Hallé Orchestra, part 2: Tchaikovsky (S). 9.25 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Portrait of a Street (West Londoners talk about themselves). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.05 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Paul Owens' Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Turn up the Volume ("Far From the Madding Crowd"). 9.45-5.00 am Join Radio 2.

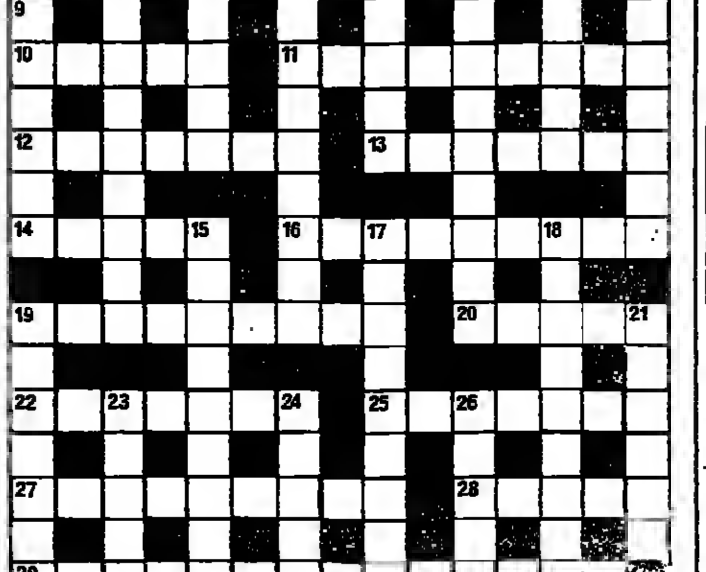
London Broadcasting

6.00 AM With Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 o'clock Call. 4.00 LBC Reports with Max Miller and Alan Clark. 8.00 After Eight with Tura Jefferies. 9.00 Nightline with Steve Jones includes "The UFO Phenomenon." 12.00 LBC Reports Midnight. 1.00 am Night Extra with Alan King. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11 pm Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,102



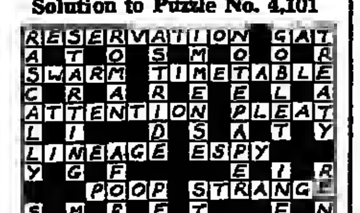
ACROSS

1 First violins in which one is being taught (7, 7)
10 Way strong drink comes into play casually (5)
11 My French gentleman in Italy is a prelate (9)
12 Attack reputation of a Scots leader on wild spree (7)
13 Football team famous in China (7)
14 Try depth of well (5)
16 Going the right way about a gymnastic balancing act (2, 3, 4)
19 Explained that mother is taking month with tragic king (4, 5)
20 Grub taken by the French right to Virginia (5)
22 Leave a fight and change tack (2, 5)
25 Part of rigging giving spinners trouble (7)
27 Plaything country party left twice (5, 4)
28 Love Pole to make a comparison (5)
29 Evergreen and with capacity to endure funny men (6, 3, 5)

DOWN

2 Part of Old Testament written with pen of poet (4, 5)
3 Modest without final eastern object (5)
4 Painkiller for single naval officer (6, 3)
5 Boy in charge of sound (5)
6 Salary increase man will kick up a fuss about (5, 4)
7 Nobody's going to the three o'clock office (5)
8 Ridicule mass car production (7)
9 Lamb products are good attempts (6)
15 Adulterate tea-break to a high degree (9)
17 Choked when told her TT was re-routed (9)
18 Organ is awarded number of points and set aside (9)
19 Supernatural wise men go over state of America (7)
21 Sick of first-class fish (6)
23 Goodbye to a foreign god (5)
24 Hot concoction artist makes for girl (5)
26 Dotty kind of dance (5)

Solution to Puzzle No. 4,101



ENTERTAINMENT GUIDE

OPERA AND BALLET

COLISEUM. Credit Cards. 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Wed 7.30: Patience. Tomor 7.00: Aida. Sat & Tues 7.00: The Marriage of Figaro. 104 balcony seats avail. from 10 am on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903) THE ROYAL BALLET. Ton't, Sat. & Mon 7.30: The Sleeping Beauty. Fri and Tue 7.30: Jazz Calendar/Symphonic Variations/A Wedding Bouquet. Wed 7.30: Romeo and Juliet. 65 Amphi seats avail. for all perfs. from 10 am on day of perf. THE ROYAL OPERA. DER ROSENKAVALIER CANCELLED. The Royal Opera House regrets to announce the cancellation of the scheduled perfs. of Der Rosenkavalier on Oct 27, 31 and Nov 3, 6, 9, 12, 15. Full refunds are avail. from the Box Office.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Oct. 24-Nov. 3. HANDEL OPERA. Evgs. 7.30. Oct. 24, 27, 31 and Nov. 2: Scipione. Oct. 26, 30, Nov. 1, 3: Hercules.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Last Week. Whirligig Theatre presents THE PLOTTERS OF CABBAGE PATCH CORNER. 10.30 am and 2 pm. Sat. 2 pm and 5 pm. "A milestone in Children's entertainment." Theatre Review. ENGLISH MUSIC THEATRE see under OLD VIC.

THEATRES

ADELPHI. CC. S. 01-836 7611. A SUMPTUOUS NEW PRODUCTION OF MY FAIR LADY. Reduced Price Previews Nightly from Tomorrow at 7.30. Opening Thursday October 25 at 7.00. Subs. Evgs. 7.30, Sat. 4.00 and 7.45. Mnts. Thursdays at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Book now Adelphi Theatre and Agents. Credit Card and Party Bookings 836 7611.

ALBERY. From 9.00 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs. 7.45. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL." Financial Times. With GEORGE LAYTON, HELEN SHAPIRO, MARGARET BURTON. Party rates and student stand-by avail.

ALDWYCH. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Today 2.00 & 7.30 (seats available for matinee only) Moss Hart and George S. Kaufman's comedy ONCE IN A LIFETIME. "It's colossal. It's stupendous." Only Mail. With: Gorky's CHILDREN OF THE SUN (tomorrow) and Moss Hart and George S. Kaufman's comedy ONCE IN A LIFETIME (next perf. 24 Oct.). RSC also at The Warehouse (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders. "ITS IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES. "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOUR AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." [illegible] "MRS. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. [illegible] HAPPY BIRTHDAY [illegible] "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. [illegible]

ASTORIA. CC. 01-734 4291. [illegible] BEATLEMANIA [illegible]

BOULEVARD THEATRE. [illegible]

CAMBRIDGE. [illegible]

COMEDY THEATRE. CC. 01-930 2578. [illegible] THE ROCKY HORROR SHOW.

CRITERION. From 9.00 am incl. Suns. 930 3216. CC bookings 379 6565. Mon-Thurs. 8. Fri and Sat. 5.30 and 8.30. IAN McKELLEN, TOM BELL. "I DOUBT THAT THERE ARE TWO FINER PERFORMANCES IN LONDON." Punch. BENT by Martin Sherman. Directed by Robert Chetwyn. "FASCINATING . . . A WORK OF CONSIDERABLE DIGNITY AND PASSION." Guardian.

DRURY LANE. CC. 01-836 8108. Evs. 8.00. Mats. Wed. 3.00. Sat. 5.45, 8.45. THE FAMILY SHOW is "back where it belongs" at DRURY LANE. "If you haven't seen CAROL CHANNING you haven't seen HELLO DOLLY!" D. Mail. also starring EDDIE BRACKEN. "Funny and intelligent." F. Times. HELLO DOLLY. "A DREAM COME TRUE." F. Times. HELLO DOLLY. "Dazzling." D. Mail. "MAGICAL." S. Express. Seats £2-£8. GROUP BOOKINGS 01-734 2263.

DUCHESS. 01-836 8243. Mon. to Thurs. Eves. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. LAST 5 WEEKS.

FORTUNE. CC. 01-836 2238. Eves. 8.00. Thurs. 3.00. Saturdays 5.00 and 8.00. LAST 2 WEEKS. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FIFTH GREAT YEAR.

FORTUNE THEATRE. S. 01-836 2238. Opens Oct 31. Red price prevs Oct 29 & 30. Evgs 8.0. Fri & Sat 5.30 & 8.0. JOHN BARRON, LORRAINE CHASE, ANNETTE CROSBIE, GERALD FLOOD, STEVEN GRIVES, MIRIAM KARLIN and KENNETH WILLIAMS in THE UNDERTAKING.

GARRICK. CC. S. 01-836 4601. Evs. 8.00 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. GARETH HUNT in IRA LEVIN'S DEATHTRAP. "BEST THRILLER." Daily Telegraph. "VERY INGENIOUS, VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Mon. to Fri. Evs. 8.00. Mat. Wed. 3.00. Saturdays 5.00 and 8.30. ANTON ROGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALY in THE HIT MUSICAL SONGBOOK. "A TOUCH OF MUSICAL MAGIC." Now. "THIS STUNNING OCCASION. THE BEST BRITISH MUSICAL OF THIS YEAR AND A FEW GONE BY." Fin. Times. "VERY FUNNY, OFTEN HILARIOUS. RECEIVED WITH DELIGHT." Evening Standard. OVER 100 PERFORMANCES.

GREENWICH THEATRE. CC. 01-858 7755. Evenings 8.00. Mats. Sats. 2.30. THE PASSING OUT PARADE by Anne Valery. "Entertaining comedy. I can see this going well." Gdn. "Very funny." D. Tel.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. GERALD HARPER, KATE O'MARA in THE SHERLOCK HOLMES MYSTERY by Paul Giovanni THE CRUCIFER OF BLOOD. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." E. News.

HER MAJESTY'S. CC. 01-930 6606. Evs. 8.00. Mats. Wed. 3.00. Sat. 4.45 and 8.15. Can you guess who dunnit? in THE CASE OF THE OIL LEVANTINE, the new play by ANTHONY SHAFFER, AUTHOR OF SLEUTH. Starring HYWEL BENNETT. "ANTHONY SHAFFER'S LATEST THRILLER TO END ALL THRILLERS. PARODIES THE CLASSIC AGATHA CHRISTIE COUNTRY HOUSE MURDER MYSTERY." Now. "MAZE FULL OF PLEASURE. TWICE AS SLIPPERY AS SLEUTH AND WICKEDLY INGENIOUS." E.O.P. "MR. SHAFFER HAS WRITTEN A HIGHLY ENTERTAINING PIECE OF INTRICATE NONSENSE WITH SATISFYING BIZARRE AND GRUESOME MURDER." Eve. Argus.

KING'S HEAD. 226 1916. [illegible]

LYRIC HAMMERSMITH. [illegible]

LYRIC THEATRE. [illegible]

MAYFAIR THEATRE. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible] EVITA [illegible]

PRINCE OF WALES THEATRE. [illegible]

QUEEN'S THEATRE. S CC. 01-734 1166. Mon.-Fri. 8. Wed. Mat. 3. Sat. 5 & 8.15. JULIA McKENZIE, MAUREEN LIPMAN in a comedy by Richard Harris OUTSIDE EDGE. "A PERFECT MATCH FOR THE WEST END. FRESH, FUNNY & INGENIOUS." Daily Mail. "QUITE SPLENDID." S Exp. OUTSIDE EDGE. "THIS EXCELLENT COMEDY." Standard. Over 500 performances.

QUEEN ELIZABETH HALL. 928 3191. Sunday 21st October, 7.15 pm. BOYS OF THE LOUGH in Concert. £2.70, £2.10, £1.60, £1.60, £1.30.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 22nd sensational year. Fully air-conditioned.

ROYAL COURT. 730 1745. Prevs. Evs. 8. Opens Tue 7. Subs. 8. World Premiere of David Lan's SERGEANT OLA AND HIS FOLLOWERS.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Soho Poly Prod. of SUS by Barrie Keeffe. Last Week. Evs. 7.30.

ROYALTY THEATRE. Portugal Street, Kingsway, WC2. Tel. 01-405 8004. 'S.' CC. New York's smash hit For COLORED GIRLS Who Have Considered Suicide When The Rainbow is Enuf. "Elegant, poetic, ravishing to look at, often very funny . . . bubbling vitality." D. Tel. "Pulsate with energy . . . superb cast . . . original and uplifting." Fin. Times. Evenings at 8.00. Thu and Sat. 3.00, 8.00. Easy parking and restaurant. 200 seats available at £2.50 each perf.

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ST. MARTIN'S. Credit cards 836 1443. Evgs. 8. Mats. Tues. 2.45, Sat. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. LESLIE PHILLIPS, TERRY SCOTT, JUNE WHITFIELD, SYLVIA SYMS in NOT NOW DARLING by Ray Cooney and John Chapman. Reduced price previews from Oct. 31. Mon.-Thurs. 8.00, Fri. and Sat. 5.45 and 8.45. Group booking 01-437 3856.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. "BILL PATERSON . . . One of those rare young lions of British Theatre." F.T. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR WEST END THEATRE AWARDS by Brian Clark. "Momentous play. I urge you to see it." Guardian. Evgs. 8. Sats. 5.45 and 8.45. Red. price Wed. 3.0. Last 2 weeks. Ends Oct. 27.

SHAFTESBURY THEATRE. 01-836 4255. Evs. 8.00 in repertoire. All seats £2.50. THE LUNATIC FRINGE. 4 smash hits of the Edinburgh Festival. Tonight & Oct. 23rd THE CAMBRIDGE REVUE "Killingly funny." D. Tel. Oct. 20th INSTANT SUNSHINE.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs 3.00. Sat 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD— NO SEX PLEASE— WE'RE BRITISH. Directed by Allan Davis. GOOD SEATS AVAILABLE £2.50 to £5.50. £1 OFF TOP PRICE STALLS AND DRESS CIRCLE. Seats booked and paid for 1 month in adv. (ex Sat 2nd perf. Credit Cards 836 4143.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS from 8.00. Dining and Dancing 9.30. SUPER REVUE BUBBLY at 11 MARTI CAINE.

VAUDEVILLE. CC. 01-836 9988. Evgs. 8. Mat. Tues. 2.45, Sat. 3 and 8. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer magic." Financial Times. "This is Eliot's greatest play." D. Tel.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. "UNBEATABLE FAMILY ENTERTAINMENT." Observer. [illegible]

WAREHOUSE. [illegible]

WESTMINSTER. [illegible]

WHITEHALL. [illegible]

WINDMILL. [illegible]

WYNDHAM'S. [illegible]

YOUNG VIC. [illegible]

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. [illegible]

CLASSIC 1, 2, 3, 4, 5 Haymarket (Piccadilly Circus tube). [illegible]

CLASSIC 1, 2, 3, 4. Oxford St. [illegible]

CLASSIC 1, 2, 3. Leicester Square [illegible]

[illegible]

CONTINUED ON PAGE 28

THE ARTS

Christian fiesta at Norwich

by WILFRID MELLERS

One of the admirable features of the Norwich Triennial Festival is the extent to which it makes use of local talents and resources. This year some one had the notion of commissioning from John Paynter a music-theatre piece for performance in the cathedral by the city's and districts assembled schools: an idea brilliant because Paynter is not only a distinguished composer but is also celebrated for his imaginative, indeed inspirational, work with school children of all ages. Responding to the commission he and his wife Elizabeth have come up with a project characteristically apposite and stimulating: a recounting in eight choreographed "stations" of the legend of the sixth century Celtic monk, St. Brendan, who, with a small band of followers, embarked in a frail leather boat on the turbulent North Atlantic, seeking a paradise of the blessed. The tale excites with tempests, terrors and magical marvels; yet as an allegory of a perennial human pilgrimage is relevant to us today, and has direct links with a modern adventure story, since in 1976-77 Tim Severin relived Brendan's hazardous voyage, and wrote about it a book enthralling to young and old alike.

The part of Brendan is designed for a professional singer; all the other characters—monks, peasants, birds and animals both factual and fabulous—were sung, played, danced and mimed by children from Norwich and Norfolk schools with the Norwich Students' Orchestra, co-ordinated by Emyr Evans.

With well over 400 performers the sheer mechanics of rehearsal and collaboration must have been scarifyingly complex; that the piece succeeds is a tribute to all concerned and to John Paynter, the initial creator, especially.

The considerable quantity of music he has composed for young people does not, perhaps, manifest the distinctive originality of his remarkable "adult" choral works, with their airy textures and Hopkinsean sprung rhythms. But if his children's music is patently rooted in English tradition, springing from Vaughan Williams and Holst with tinges of neat plainchant, organum and medieval polyphony and heterophony, that "limitation" is attributable to the composer's sense and sensibility, for the music is always negotiable by, and therefore pleasurable to, the young. Of this piece, *The Voyage of St. Brendan*, one need say no more than that it invites comparison—not merely in incidental details but in its conception as a struggle between good and evil forces, ending in hymnic glory—with a work of supreme genius, Brittens *Noye's Fludde*; and never wilts.

Paynter too has an uncanny knack of creating unison tunes that click in the memory yet acquire, within their simplicities, a pristine freshness from a tiny chromatic alteration or rhythmic syncopation; he too invents magical sonorities (the bell-tinkling and recorder-twittering birds, the percussive hubbub for the hellish smiths) that achieve maximum impact with minimally empirical means; and be top cumulatively builds such child-like "moments" towards humanly mature resolution. In total effect the work is thus not merely childish, but rather a parable of human hopes and fears. The hymn of gratitude the voyagers sing after they've escaped the Island of Smiths sounds traditionally and hieratically modal, yet also unique. Without quibble, I'd call it inspired, for it makes god's and good's victory palpable.

Raimund Herincx in the long and arduous role of Brendan, looked as magnificent as he sounded; the young and very young sang and danced as angelically (or demonically) as they looked; the orchestra played with conviction, though they'd have benefited from a larger body of strings; Bernard Keefe marshalled his multifarious forces with enthusiasm, skill and discretion in appropriate proportions, carrying off with aplomb the occasional unintentional canon! And the music was superbly "presented" in theatrical terms. Hubert Mitchell's production being endlessly resourceful. Norman Manoers' designs and costumes continuously enlivening. The sublimely beautiful cathedral blazed with colour and movement, tingled with sound, as it must have done in the aural and visual rituals of the Middle Ages; and it's not altogether extravagant to say that this event went some way towards re-establishing a cathedral church as a centre of the community. Certainly when, at the end, all the vast forces and the audience-congregation joined in Wesley's hymn *Forth in Thy name, O Lord I go*, sung to a noble tune of Orlando Gibbons, gravely harmonised and resonantly scored, scalps prickled and tears welled into the eyes. The organisers of the Festival, the people of Norwich, the general public, and even God himself could hardly ask for more.

Leonard Burt

David Bamber and Jean Boht

Bush

Wednesday

by MICHAEL COVENEY

A retarded 15-year-old boy, traumatised by the death of his friend 10 years ago, slobbers around the stage in school uniform grey. His mother pampers and disciplines him as best she can, his sullen sister plays a game of random dates from history to which David supplies the day's name. Always, apparently, correctly. David pulls his mother's wig off. Her hair is grey and thinly matted. The house is to have its first visitor for 10 years. He will be the man who saved David while failing to save his own son from drowning. Gareth was David's best friend.

This harrowing but very funny new play by Julia Kearsley—who has, hitherto, written only radio drama—is, you might say, the fringe's answer to Peter Nichols. Nichols once made urgent comedy out of the plight of a young paraplegic. Miss Kearsley is no less successful in dealing with David, for she illuminates a terrible problem without the slightest trace of prissiness or phoney tact. David's physical plight, in fact, becomes an essential element in the play's rhythm, violating the onstage decorum as he pulverises the visitor in search of the alabaster egg that serves as a comforter, or gibbers like a two year old in echo of the last phrase he latched on to.

A newcomer, David Bamber, is quite superb in the role: lumpy, morose and disarmingly critical of gaze. *His fits, almost* epileptic in their intensity, are both frightening and pitiful, but never does Miss Kearsley's script descend into mawkishness. She obviously knows what she is *writing* about.

Dusty Hughes's excellent production has fine performances, too, from Gil Brailey as the aggressive sister and from David Hargreaves and Jean Boht as the adult participants in grief.

'Der Rosenkavalier' performances cancelled

Covent Garden has announced that due to industrial reasons the performances of *Der Rosenkavalier* scheduled for October 27 and 31, and November 3, 6, 9, 12 and 15 have been cancelled.

Patrons who have booked for any of these performances will receive a full refund in person or by post on application to the Box Office at the Royal Opera House, PO Box 6, London WC2E 7QA.

Stratford, Ontario—1

Lear with the Ustinov touch

by FRANK LIPSIUS

There is a slightly awkward moment when the Fool appears for the first time in *King Lear*, in the season's final opening at the Stratford Festival, Ontario. Robin Phillips's direction makes the Fool a sad, wizened old figure, the alter-ego of a Lear who appreciates him now more for his dutifulness than his wit. The role is well suited to such a treatment, and William Hutt, a long-time Stratford veteran (who played Lear in the company's 1972 production), carries it off exceedingly well. There are depths of dignity to be plumba in the part.

But when the Fool enters he needs his coxcomb to offer Kent. This Fool is given more to top hats than jokers' caps with bells on the end. He makes a gesture to offer some item suspended from his belt. It looks like a muffler, but whatever it is, it is not the traditional knave's headgear, which would certainly not fit the role this Fool is to play. The awkwardness passes in a moment: it is notable for being an exception in what is otherwise a wholly untraditional *Lear*, but one that fulfils the expectations of the traditional reading—and then some.

The production owes its originality and power to Peter Ustinov as Lear. It is he who defines the Fool as companion by laughing a little too hard at his jokes and extending his arm so he and the Fool can support each other.

Such small gestures of consideration also serve as expressions of need. In no way does Ustinov hide Lear's growing weakness and isolation. In fact, recognizing his own frailty becomes one of his enduring strengths. The division of his realm in the first scene is less the folly of a headstrong old man than plain weariness, done with an after-supper's cigar and chat, sleepily succumbing to the urge to be done with too many burdens.

In the first and last scenes, military uniforms define the era as mid-nineteenth century Europe, but through most of the play, less formal breeches and tail coats could just as easily be the frontiers of North America. For a moment Peter Ustinov is his raconteurial self, with a *gleam in his eye* and a *certain* distance from his listeners and his words. He sports playfully with the Fool and Kent, allowing the Fool's criticism to sparkle laughter among the whole retinue. Lear sits on a rough wooden bench for Kent to remove his boot.

In this setting, Lear's retinue has the look of frontiers woodsmen, gathered periodically to exchange stories and fashion some rough-hewn society out of the wilderness. Here, Lear shines. He is not a man losing his strength, but gaining it. Having shed his role, he resumes his life as he would lead it, the man who achieved greatness and longs now to recapture the less encumbered primitiveness of his youth.

This longing has its element of senility: the Ustinov Lear adds nuances even to the weakness of old age by seeing in it a comfort and refuge from events that hardly bear endurance. When Goneril comes to tell him to halve his retinue, Lear at first attempts to maintain the air of bonhomie, telling her, "You are too much of late i' the frown." When she turns on him, he withdraws. It becomes a characteristic reaction. At times Lear drifts off and his senility is debilitating, but he can also withdraw behind it to avoid knowing what he does not want to know.

He is not granite cracking under the strain of age and adversity: he is more like the tide that obeys its lunar cycles and retreats from what it cannot roll over. The daughters show the strength Lear no longer commands. Donna Goodhand as Goneril and Marti Maraden as Regan appear as prim Victorian women, their hair demurely set in a bun, their faces sullen. They seem perfectly capable of callous inhumanity: their orderly world manages to appear fundamentally unnatural. The strong contrast between Lear's natural disorderliness and the women's polar opposite is deftly carried out in the sets by Daphne Dare. Austere, oak-panelled walls serve *equally well for a Victorian* drawing room and a timber fortress. Goneril and Regan take on the pale regimented look of their drawing-room surroundings, while Lear's rough exteriors invigorate the old man as he heartily accepts the changes nature demands of him.

Richard Monette as Edmund seems hardly capable of inspiring the love of the two women, partly because of their coldness and partly because of his own enthusiastic ambition. He would rather bridle a horse, it appears, than woo a woman. But he does have the assertiveness that Frank Maraden as Albany appropriately lacks, and William Webster as Cornwall shows himself to be a nasty bit of work, especially when he blinds Gloucester, whom Douglas Rain plays as a gentle, misguided, ingenuous reflection of Lear. Rodger Barton as Edgar shares his father's gentleness and, like Jim McQueen's Kent, becomes a guide and companion for sheer, open affection for his master.

*

Peter Ustinov, as the first international star to appear this season at Stratford, received a high dose of attention in the Press, to which he responded in characteristic good humour. Particularly happy to have had nearly seven weeks' rehearsal before the opening of Lear, he was able to fulfil a 40-year ambition with unhurried but intense care. He had long found Lear more satisfying to read than watch. As an actor, he felt this was one play to which he had a contribution to make, and not, as he called it "people's expectations that I do a talk-show version of Lear."

In discussing Lear, Ustinov is particularly attentive to the effects of ageing. He notes that "having seen dying people, one is terribly conscious of their sense of social obligation. *They're* being terribly tactful, making light of their condition to make other people less uncomfortable." At another point he says: "*The terrible thing* about senility is that it's not consistent. One can break out into lucidity, but then just run out of steam." His 1950 play, which was produced as *The Moment of Truth*, was originally entitled *King Lear's Photographer*. It dealt with Petain's senility, showing an early interest in the subject, which could only have enhanced an affinity for the part from another source: "I've got three daughters, which is a more thorough rehearsal for the part than anything Stanislavsky ever suggested."

Ingrid Blekys, Peter Ustinov, Frank Maraden and Donna Goodhand

Elizabeth Hall

Michel Béroff

by ANDREW CLEMENTS

For the solo instrumental components of the Stravinsky Festival, David Atherton has drafted in many illustrious names, sometimes for relatively minor contributions. The solo piano works constitute a substantial corpus, however. Gone are the days when all of Stravinsky's original keyboard compositions would fit on to a single LP record with room to spare; now there are enough for a full programme with pieces left over — *Les Cinq Doigts* and *Piano-Rag-Music* are placed in a later festival concert. Much of the added bulk is furnished by the piano sonata in F sharp minor from 1903-04, unearthed in the Leningrad State Public Library and first published six years ago.

Michel Béroff chose to begin his recital on Tuesday evening with this early sonata. Perhaps it was an effort to get the dutiful portion of his programme out of the way before moving on to more authentic Stravinsky: there really is nothing in the sonata to suggest even a nascent composer of genius, little but unvaried sequences and unadulterated Chaikovsky. Two trivia, a pocket march *Souvenir d'une Marche Boche* of 1915 and *Valse pour les Enfants* of 1922 then followed—intermittently witty epigrams both receiving their first performances in this country and both unlikely to be heard again here, until the celebrations for Stravinsky's bicentenary.

In the F sharp minor sonata Mr. Béroff had already suggested that he was not in his most happy form. Too much of his playing was pitched at an unremitting *mezzo forte*, there was an unhealthy scattering of wrong notes and little attempt at keyboard colour. Regrettably he did not improve in the more substantial part of his programme—the Serenade in A, piano sonata of 1924 and the three movements of *Petrushka*. There is much in Mr. Béroff's keyboard manner that should make him an ideal Stravinsky pianist—incisive, cleanly articulated rhythms, limpid contrapuntal lines and a respectable dynamic range, all of them coupled with a highly efficient technique. One can only report that these qualities were only rarely apparent on Tuesday evening.

Wigmore Hall

Claire Powell

by ELIZABETH FORBES

Claire Powell, who won the 1978 Richard Tauber Memorial Prize, gave a recital on Tuesday at the Wigmore Hall. The gifted *mezzo soprano*, though only 25, has already got both feet firmly planted on the ladder of operatic success—and not on the bottom rung, either. She has sung leading roles with the Glyndebourne Touring company and with English National Opera North; later this season she makes her début at Covent Garden. I stress these achievements because they clearly indicate the direction in which this young singer's career is headed.

Miss Powell has a fine voice, vibrant in tone and attractively coloured throughout its considerable range. She can draw a good, firm line and her pronunciation of languages—during the recital she sang in French, German and Spanish — is authentic. But, except when her dramatic instincts are directly involved, she doesn't make nearly enough of the words. In "Maman, dites-moi," one of her opening group of French folksongs, the young girl and her charming shepherd lover were neatly characterised and brought to life, while in Bizet's beautiful "Vieille chanson" the amorous Myrtil and his gentle shepherdess also sprang vividly from the music.

"Chanson d'Avril," however, with its more generalised, less precise evocation of love, was correspondingly vaguer, less intense in feeling and expression, though Bizet's own emotions are just as much engaged as in the previous song. Similarly, in a group of Lieder by Brahms, which included such deeply felt songs as "Die Mainacht" and "Ständchen," her tone was often glorious, but without sufficient emphasis on the words, its shading tended to become monotonous. Only in "Von ewige Liebe," which is a dialogue between the village lad and his sweetheart, and can therefore be dramatised, did Miss Powell succeed in realising the full emotional impact of the song.

Three Rückert settings by Mahler inspired a deeper involvement, especially "*Liebst* du um Schönheit," where the delicate irony of the text was exactly caught and transmitted. In "Ich bin der Welt abhanden gekommen," Miss Powell sustained the long span of each phrase with impressive control. "La Maja dolorosa" by Granados was sung with plenty of feeling, while the Spanish language had an aptly abrasive effect on the singer's sometimes over-bland enunciation. Montsalvatge's *Cinco Canciones negras* were charmingly realised: here it was Stephen Wilder, the excellent pianist, who introduced some welcome grit into the sentimental sweetness of the songs.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Measures laser light quickly

WAVELENGTH of light from a tunable laser can be varied quickly and simply, by rotating a dial. Until now, however, users of tunable lasers have had no correspondingly simple way of determining the wavelength to which they had set the dial. The complex system of mechanical and electronic instruments needed for high-accuracy measurement is bigger and more cumbersome to use than the laser itself.

Now scientists at IBM's San Jose Research Laboratory have developed a new unit for measuring the wavelengths of laser light that combines high accuracy with compactness.

Tunable dye lasers are sources of variable-colour coherent light. They were invented by IBM researchers in 1966.

The wavelength meter can be packaged within a portable container about one foot long by 4 inches square. It measures wavelengths to an accuracy of one part in ten million.

This is equivalent to measuring the distance from one crest of a light wave to the next with a "ruler" that divides the distance into ten million intervals such that repeated measurements will always fall within the same interval, plus or minus one interval.

Wavelengths of visible light are quite small—about 5,000 angstroms (1/50,000 of an inch) in green light, for example. Intervals on the measurement scale would be less than one thousandth of an angstrom wide.

Ability to measure wavelengths quickly with a scale as fine as this can have an important effect on certain scientific studies, such as those aimed at understanding the arrangement of electrons in atoms. For example, laser beams that differ by only one thousandth of an angstrom can induce different phenomena in atoms.

The instrument using the new technique, like the Michelson interferometer, measures wavelengths by determining the ratio of interference counts from a standard beam and an unknown beam. In its case, however, beams from the two lasers are bounced back and forth about 200 times between two spherical mirrors, one stationary and one moveable.

Repeated bouncing of each beam makes it appear that many individual beams are aligned with each other inside the cavity formed by the mirrors. This produces strong interference among the beams, making the width of the interference fringes very narrow compared to the wavelength of the light being measured. The pulse widths of these Fabry-Perot-type interferometers are only about a hundredth of a wavelength, in contrast to those of the Michelson-type interferometers, which are not at all sharp, being nearly half a wavelength wide.

● PROCESSING

Weighers to cope with tanks

LOAD-CELL TANK weighers suitable for regular and irregular horizontal and vertical tanks or silos are made in capacities from two to 270 tonnes.

All can be equipped with optional electronic extras to provide signals for computer processing or metering, for control of preset weights, for data recording, and for operating remote weight displays. Push-button and preset taring facilities, intrinsic safety features and weight surge suppression circuitry can also be incorporated.

Each system is engineered from standard Avery load-cell and electronic digitising modules. The number of load-cell units will depend upon the application. Generally, the tank will be mounted on between one and four load units, in combination with non-weighing pivot units when appropriate.

Cells are connected to a wall or desk-mounted digitiser, which provides a four-digit display in minor increments of one, two or five units of weight (for example, 0.01, 0.02 or 0.05 tonne). The digitiser which has a quick-action zero-balance device, provides either 1,000 or 1,250 digital increments as standard. On demand, up to 2,500 increments and displays reading in kg can be supplied.

W. and T. Avery, Smethwick, Warley, West Midlands, B66 2LP. 021-558 1112.

● SAFETY

Protecting engines when gas escapes

ONLY IN recent years has it become generally appreciated that the diesel engine can become a fire risk in gaseous atmospheres. Classic example was the ICI Wilton disaster in which cyclohexane was ingested by an engine resulting in speed run-away, disintegration of the engine and ignition of the surrounding gas cloud, causing many millions of pounds of damage.

Hot surfaces and electric spark generation can be just as hazardous.

The Pyroban system, now a product of a company of the same name backed by NRDC, was the outcome and the initial approach was to flame-proof the whole engine, a somewhat costly procedure involving cooled manifolds, spark arrestors and a control system that required exhaust gas temperature and engine speed measurement.

Where engines have to continue running safely within hazardous atmospheres, flame proofing systems such as the Autolec 450 from Pyroban will continue to be used.

But for lower risk circumstances (a relatively small likelihood of gas being present), the company has recently taken a different approach.

This system, called AS 1000, detects the presence of gas near the engine by means of a modern platinum catalytic (Pellistor) sensor and uses the resulting signal to shut down the engine and initiate drenching with carbon dioxide via the air intake. Such a system is about one third the cost of a flame proof approach, which has to be specific to each engine design.

It is equally applicable to electric and gas powered prime movers.

In an increasing number of industrial situations a gas hazard can arise for example from an accidental escape of a flammable vapour from petrochemical plant or from solvent spillage in a factory. In these cases AS 1000 offers a cost effective solution. It is quick and easy to install and can be fitted to fork lift trucks for example which are already in use.

At the heart of the equipment is the gas detector, made by Neotronics, which is powered from a battery pack kept charged from a mains charger. Gas detection produces a flashing red light, 90 dB audio signal, engine shut down, and the actuation of Metron miniature explosive actuators to open the gas bottle valves. Actuation point can be set between five and 100 per cent lower explosive limit.

The system is intrinsically safe. It is designed to comply with BS5501 Part 7 and is at the moment being examined by BASEEFA.

There are five separate components—detector electronics, sensing head, battery pack, charger and the gas cylinders. Assuming two 5 kg gas cylinders, the total weight is about 21 kg.

Dolphin Road, Shoreham by Sea, Sussex BN4 6PB (07917 61297).

GEOFFREY CHARLISH

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DROP TESTS with the Safe-Break bottle have shown that its plastic coating effectively contains both shattered glass and liquid. The coating is highly tear-resistant, so in the unlikely event of its splitting at the point of impact, spillage is minimal, typically a few millilitres.

Exhaustive trials have shown that this bottle's adherent plastic coating will withstand sulphuric, fuming nitric, hydrochloric and perchloric acids and its tear strength means that even if a shattered bottle is not discovered for some time (for example overnight or over a weekend) the coating remains unaffected by the acid or solvent and hence minimises damage to floor and fittings and also any fire hazard.

Hopkin and Williams is supplying strong acids in all pack sizes of Safe-Break.

Hopkin and Williams (Baird and Tatlock), PO Box 1, Romford, RM1 1HA. 01-590 7700.

Cuts down oxides of nitrogen

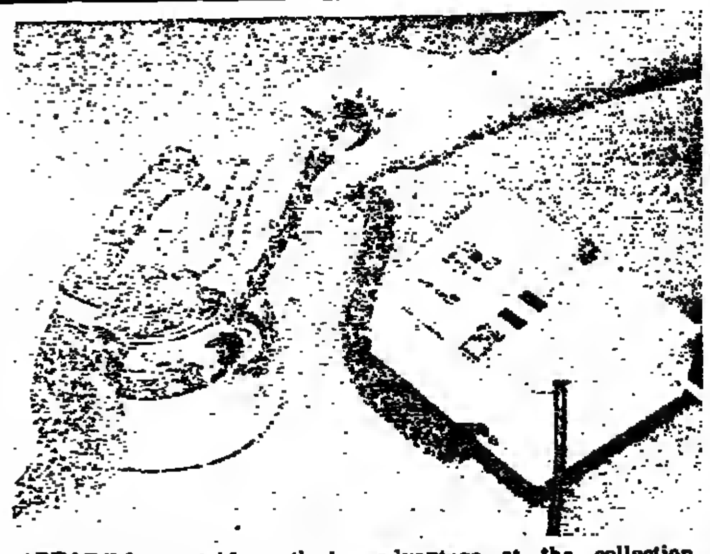
COMBUSTION AND chemical engineer, John Thurley of Harrogate, is marketing the Maxon "Lo-Nox" line burner, developed in response to demand from the food processing industries, including brewers and maltsters.

It provides direct gas-fired process air-heating, with greatly reduced generation of oxides of nitrogen and has been field-tested over three years at appreciably less than 1 ppm of such oxides.

This successful test was on three full-size "Lo-Nox" burners on malt-drying production units.

Existing nozzle-mix, raw gas, or partial-premix burner systems can be readily converted to the new design while for new installations, the company can supply either the burner or packaged process heaters complete with combustion safeguard and temperature controls.

John Thurley, Ripon Road, Harrogate, HG1 2BU. North Yorkshire 0423 61511



"PEAT," for portable earthed appliance tester, will verify the safe condition of all earthed appliances such as hand tools, portable heaters, floor polishers and washing machines. It will be invaluable in large establishments where there are a large number of portable appliances in use and it can be used effectively by both technical and non-technical staff. PEAT can also be employed to advantage at the collection counters of repair departments so that customers can witness a final safety check as they collect their appliances after repair. This quick and simple to use instrument gives audible and visual indication of the condition of an appliance and is both self-checking and fail-safe. Biccotest (Balfour Beatty Group), 7 Mayday Road, Thornton Heath, Surrey CR4 7XA. 01-684 6922.

● ENVIRONMENT

Sand filtration method

PROBLEMS usually associated with filtration systems, such as the high cost and unpredictability of rotary microstraining, plus the time consuming-nature of stop/start batch filtering, are said to have been eliminated with the Tenten process introduced by Simon-Hartley, Stoke-on-Trent, Staffs (0782 29541).

Instead of several separate filters being necessary to meet the requirements of large flows, Tenten cells can now be combined into two, three, four, six or eight-cell units to produce the required throughput. Individual cells can be closed down during operations without interrupting the filtration process in the other cells.

Like its predecessor, this rectangular modular Tenten removes low concentrations of suspended solids in large volumes of water—for example, concentrations of 20 to 50 milligrams per litre of suspended solids can be reduced to less than 10 milligrams.

Continuous Tenten filtration is achieved by using gravity to grade the filtration medium (sand) into a graded bed of sand with a coarse core surrounded by fine particles. Filtration through this naturally formed bed results in a large reduction in solids, even from effluents which hitherto were considered unmanageable or difficult to treat.

The entire process is automatic, filtration and sand cleansing taking place simultaneously without interruption. The high air and water velocities used, says the company, make for efficient elutriation, and there are no moving mechanical parts within the body of the filter.

Each filter cell is capable of filtering 10 to 30 cubic metres of effluent per hour, the actual rate depending largely on the type and quantity of solids present.

● CONSTRUCTION

Panels made by flowline methods

IN ORDER to meet the growing demand for building panels, three leading UK companies have joined forces to develop a high-output laminator for the continuous production of metal-faced insulated panels.

The panels are said to combine the high thermal insulation properties of rigid polyurethane foam with the lightweight and easy maintenance features of steel or aluminium.

Necessary technology for achieving the continuous manufacture of the panels has been developed jointly by a leading metal roll-forming machinery manufacturer, Loewy Robertson (Davy Corporation company), ICI and Viking Engineering (ICI subsidiary).

Apart from their use as cladding, the panels can also be used for roofing, and other configurations would permit the manufacture of doors, window shutters and partitions. Extra thick units can also be made for cold-store and chill-room construction.

More from Loewy Robertson Engineering, Wallisdown Road, Poole, Dorset (0202 512211).

Glass fibre improved

PILKINGTON has announced the launch of Cemfil 2—a second-generation alkali-resistant glass fibre for the reinforcing of cement and concrete structures.

This is a new fibre which has been developed by Pilkington Group's research and development section to stabilise the strength and mechanical properties of glass reinforced cement (GRC) products to a substantial extent. Such action will lead to confidence in a wider range of uses for glass-reinforced cement (GRC) products, the company asserts.

The new fibre has been designed to behave in a similar manner to the original fibre in handling and processing so that no new equipment is needed in the manufacture of GRC products.

The first generation of Cemfil fibres developed by Pilkington derived their alkali-resistance from the composition of the glass used to form the fibres.

New Cemfil 2 fibres are, the company says, an "evolutionary development." The basic composition remains the same but the post-treatment differs and because the new approach is subject to patenting, the company will not say whether it is a surface treatment, a new coating or whatever.

A spokesman for Pilkington told the Financial Times that the method of making the second generation alkali-resistant fibre gave it much better strength retention for longer periods. With the earlier version there was a known rate of loss of strength down to a steady level.

To put the situation in a nutshell, the spokesman said that if anyone should approach the company with proposals for a very thin section long-span roof, Pilkington would look at the plans and specifications "very seriously."

In other words, UK builders are at liberty to emulate the extended thin section buildings that are taking shape in West Germany on the basis of GRC.

Pilkington Bros, Prescot Road, St. Helens, Merseyside, WA10 3TT. 0744 28882.

● INSTRUMENTS

Checks the frequency

CONTINUOUS readings from 20 Hz to a guaranteed 100 MHz are obtained in a frequency meter from Continental Specialties Corporation, Shire Hall Industrial Estate, Saffron Walden, Essex CB11 3AQ (0799 21682).

Max 100 has a 0.6 inch high eight digit LED display and the crystal controlled timebase gives a claimed accuracy of three parts in 1m. Sampling takes place every second.

A high sensitivity pre-amplifier gives readings from signals down to 30 mV and the input is diode-protected to a peak of 200 volts. The extreme left-hand digit flashes when the input exceeds *100 MHz*.

There are a number of accessories. The instrument can be used with a small aerial where direct coupling is not feasible, for example.

The meter will work from the mains, an internal battery, or an external dc source. Battery chargers and eliminators are available.

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FINANCIAL TIMES SURVEY
Thursday October 18 1979

London Metal Exchange

Its plans to move to bigger premises are probably as good a token as any of the continued success of the London Metal Exchange. The number of metals traded has risen to seven this year, the regulatory system has been strengthened and a year of some startling price movements successfully ridden.

Activities add up to a momentous year

By John Edwards, Commodities Editor

THE PAST year bas been a momentous one for the London Metal Exchange (LME). Two new futures contracts—for aluminium and nickel—have been launebed with some success. The introdnction of a special monitoring scbeme has heen achieved without the repercussions some gloomy forecasters predicted. Two new members, outside the Exchange's normal orbit, have been elected as ring-dealing members. To round off the year has come the announcement that the Exehange is planning to leave its premises at Whittington Avenue, Leadenhall Market, after being there for nearly 100 years. Finally, the prospects for introducing a gold futures market are being investigated by a special sub-committee.

Surge

Perhaps most important event of all, however, in the short term has been a surge in trading activity as the various markets on the Exchange have come to life. Copper—the flagship of the Exchange—has emerged from a long period of depression with some dramatic price movements. There bave also been some spectacular movements in the lead, silver and tin markets.

The volatility of prices reflects the changing attitude on the Exchange. Fundamental supply-demand influences have been swamped on many occasions by a flow of funds, mainly concerned with protecting the value of "paper" money against depreciation by inflation or falling exchange rates, notably the dollar. This has meant that the markets have been subjected to a great deal more speculative activity than in the past with trade interests tending to stand aside.

There is considerable concern among both producers and consumers that speculative forces should play such an important role in deciding the cost of metals. Exchange dealers point out, however, that the markets are only reflecting the general uncertainty in the world resulting from the oil supply crisis and the pressure on the dollar.

In fact the new aluminium and nickel futures markets have made only a limited impact on the pricing of these metals, wblch is still very much controlled by the producers. But in the copper market the Metal Exchange has become eveo more important in influencing prices following tha decision last year by Kennecott, the largest U.S. producer, to abandon the traditional U.S. producer price system.

Kennecott's decision to base its prices on the New York copper market (Comex) quotations has forced all the U.S. producers to pay far greater attention to developments in the world free market. It has also given greater importance to Comex, which has traditionally been far more influenced by speculators than the London Metal Exchange.

Adding to the pressure on the LME from New York has been the infinence on base metal prices exerted by movements in precious metals, especially gold, which is regarded as reflecting the state of the U.S. economy. The continued ban on UK citizens trading in gold bullion and therefore gold futures bas put the LME at a disadvantage in relation to New York, whera trading in gold futures, introduced in 1975, has grown enormously and becoma a major influence in other metal markets.

The LME sees no reason why all the gold futures business should be channelled to the U.S. markets. It is hoping that the British Government will either extend the relaxation of exchange control regulations to permit trading in gold bullion or alternatively agree to some special scheme whereby LME dealers will be permitted to trade in gold more freely to allow the establishment of a futures market in London.

But it is acknowedged that it would be impossible for the LME to introduce any further new markets at its existing premises in Whittingtoo Avenue.

The surge in trading activity, and the introduction of two new contracts, has strained the resources of the old-fasbioned premises at Whittington Avenue to the limit. Apart from overcrowding there is also severe *problems with communications* to and from the Excbange. If a gold futures contract were introduced, or indeed any further expansion, the Exchange would have to move to new premises in any event. The choice of Plantation House, the huge office block running from Mincing Lane to Fenchurch Street, is rather ironie since it was formerly the bome of the "soft" (non-metal) commodity futures markets that moved out wben it was decided to refurbish the building.

The proposed move, which is planned to take place next year but migbt well be delayed, bas been generally welcomed by members despite the cost. Tbere are reservations, however, about wbether Plantation House should become the permanent bome of the Exchange.

There are also some doubts *as to* whether the move to new premises, and expansion into gold futures trading, can be managed without totally ebanging the fuodamental structure of the Exchange, which has proved very successful over the past 100 years.

The past year saw something of a breakthrough in membership. Although the Exchange has kept a wary eye on possible pressure from the EEC Commission about restricting membership, it bas maintained a firm lioe on insisting that companies wanting to become ring-dealing members must have close connections with the nonferrous metals industry. This has meant the exclusion of commission houses or brokers, whose clients tend to include a large proportion of speculators. But the door bas now been partly opened with tbe re-*electioo* to *ring-dealing* membership of a company taken over by a big commission bouse group.

There were special circumstances behind this re-election, which was opposed by many members frightened of setting a precedent. At the moment there *are* no *signs* that the Exchange is about to throw open its doors to a new type of membership, but this might be necessary if gold trading was introduced. Already one of the London bullion brokers, Sharps Pixley, has become a ring-dealing member, sigolfying the closer links between the LME and the bullion market, and a representative from Sharps Pixley is one of the members on the sub-committee investigating gold trading.

Another important change io the LME has been the successful introduction of the monitoring scheme, designed to improve its financial stability.

The monitoring scheme is essentially a compromise worked out to meet the growing pressure for more protection against possible financial disasters should one or more companies be driven to bankruptcy. The rise in trading activity, and metal prices, has increased the possible financial repercussions in the event of a failure to an enormous extent and the Bank of England made it plain that the Exchange must do something to improve its stability, possibly through the introduction of the kind of clearing house system used by the "soft" commodity futures markets.

But one of tbe bastions—or peculiarity, depending on one's viewpoint—of tbe Exchange is the principal's contract, under which each individual company is responsible for any business it transacts.

This gives members far greater flexibility in encouraging trade business in view of the *very* large sums involved but *aoy major loss suffered* by ooe company could have a domino effect leading to financial disaster. Tbe monitoring scheme aims to anticipate any dangerous situation building up. It does not, however, provide the kind of financial security some members aod clients would like, and is considered in many quarters to be only the forerunner of a clearing house. It is feared, though, that such a move, while improving financial stability, would encourage a greater flow of speculation. Members of the Exchange are enjoying boom conditions after several years of lean times, but there is some apprehension that too much speculation might attract the attention of Governments worried by the instability in the pricing of vital raw materials.

Unchecked

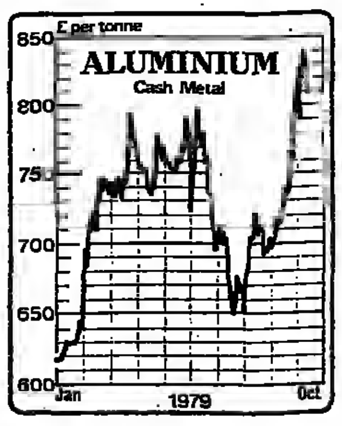
While prices are rising there is unlikely to be much pressure from producing countries to control the markets. But should the feared economic recession drive copper prices down to uneconomic levels again, efforts would undoubtedly be made to revive the sluggish negotiations for an international copper agreement or to introduce some other form of price control. For the moment the free market system, epitomised by the LME, is riding high. It is not difficult, however, to foresee that speculation will not be allowed to rage unchecked if it is thought to be damaging the economies of either exporting or importing countries.

The warning from the Governor of the Bank of England at the *60th* anniversary dinner of the London gold market last week that any futures cootract should be carefully devised provided a timely reminder that there is increasing awareness of the influence of futures markets on physical price movements.

LONDON METAL EXCHANGE II

Another milestone in the history of the London Metal Exchange was reached earlier this year with the introduction of contracts for aluminium and nickel. There are now seven metals traded, and on this and the following page the outlook for world markets is reviewed.

The trend of prices



New contracts

WITH THE start of trading in aluminium and nickel, and the announcement that the possibility of a gold contract is being examined, the past year has certainly seen the London Metal Exchange offering its services with a vengeance. The last previous new contract was silver in 1968.

And how have they been received? There was a note of caution in LME committee chairman Ian Foster's voice when he professed himself "relatively happy" with the progress of the aluminium and the nickel contracts. But other soundings suggest that the two new contracts are getting gradual acceptance, in spite of the initial hostility shown to both by the major Western companies producing these metals.

The volumes of metal traded on the LME aluminium market still account for a very small proportion of the world total. Merchants estimate that perhaps only 5 per cent of the world's aluminium reaches the "free market," and of that perhaps 5 per cent, at most 25 per cent, goes via the LME.

One of the main problems is that the quantity of stocks held in LME warehouses—around 10,000 tonnes—is not high enough to allow the market to be used comfortably for physical trading.

But traders in the free market which has existed long before the LME came on the scene, now readily admit to using the LME occasionally, although they were as vocal as any of the producers in opposing the market when it first started.

They would no doubt use it more frequently if the volume of stocks increased. But given the shortages that are developing in aluminium, that is unlikely in the near future.

As long ago as April, Anthony Bird Associates noted that the underlying growth rate in aluminium smelter capacity was only 3.2 per cent—well below the anticipated growth rate for aluminium demand. With capacity utilisation at 89.5 per cent because of power shortages, supplies would fall short, and prices would have to rise. The firm was looking for a shortage in 1981, although it seems that the time scale has been accelerated.

More recently, the president of Alcan Aluminium, David Culver, told an Aluminium Association meeting in Washington that growth of demand would slow down from its historic rate of between 7 per cent and 8 per cent a year to somewhere between 4 and 5 per cent. But, he noted, even at this lower growth rate the industry would still need an additional 500,000 tonnes of new capacity a year throughout the world.

That the new capacity is urgent is demonstrated by the fact that the Japanese, who have been cutting back on production because of their high costs, need to buy an estimated 800,000 tonnes next year. They have not started this buying programme yet, and it is a further reason for the present expectation of higher prices.

Japan's consumption rose by a significant 15.1 per cent in 1978, against a Western world primary figure of 6 per cent which took 1978 Western consumption to 12.02m tonnes, according to Amalgamated Metal Corporation's "Aluminium Trends." Production was estimated at 11.6m tonnes in 1978, and was expected to increase to 12.3m tonnes in 1979, 12.9m tonnes in 1980, and 13.4m tonnes in 1981.

With exports from the East European bloc amounting to some 10,000 tonnes, and exports to China increasing, inventories fell by 471,000 tonnes in 1978.

According to the International Primary Aluminium Institute total company inventories dropped from 3.95m tonnes at the end of 1978 to 3.43m tonnes at the end of August this year, and following the end of the strike at Alcan's Quebec smelters, have now stabilised.

Strength

Meanwhile the LME prices for aluminium are showing all the signs of strength. From a starting point of under £600 per tonne last year, three-month aluminium had moved up to about £760 last week, and even more significantly cash metal, at some £810, was commanding a backwardation of some £45.

This compares with UK producer prices of £750 and £760 per tonne, and drew the not unfriendly comment "they are more optimistic than we are" from one of the producers' spokesmen.

The comments about the low volume of trading, and too low a level of stocks, apply even more strongly to the new nickel market—not least because this market, which started trading forward metal in April and spot metal in July, is much newer. But for an infant it is growing well, commented one nickel merchant.

There are also doubts about the quality of a large proportion of the metal that goes into the LME warehouses, which tends to cut down the market's viability for physical trading. But at the same time traders report that consumers are starting to use the LME price as an indicator.

The major producers, including INCO, are sticking to their guns meanwhile, and are continuing to oppose the new contract on the grounds that it will tend to destabilise the world market.

But the outlook for the metal is mildly traumatic anyway. In a report published in April, the firm Rayner-Harwill argues that demand for nickel might grow at 3 per cent a year (steel demand is expected to rise by say 2 per cent, but there will be an emphasis towards specialised grades, hence the sharper increase for nickel). Starting from Western world demand of 450,000 tonnes a year (460,800 tonnes in 1977 according to the World Bureau of Metal Statistics), this would give a requirement of over 830,000 tonnes by the year 2000.

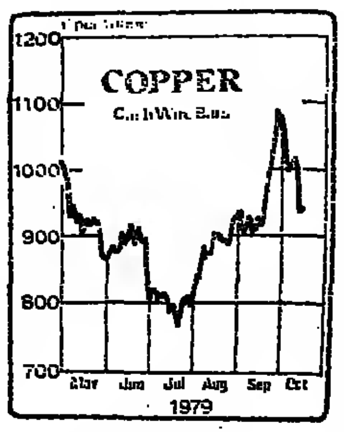
With Communist bloc demand rising at a similar rate, starting from a base of some 200,000 tonnes, total demand for the metal could be just over 1.2m tonnes by the year 2000.

Mine production of nickel is currently put at some 780,000 tonnes a year, so it is clear that investment in new capacity is going to have to come. This means that prices are going to have to rise, as the new capacity is undoubtedly going to be expensive.

One merchant believes that the price of nickel is going to have to go up from its present producer level of some $3.00 per lb—which incidentally he describes as reasonable—to $4.50 by 1982 or 1983, and to $9.00 by the late 1980s.

Such a scenario should offer plenty of scope for the hedging and speculating opportunities on the LME.

Grog Smosarski



Copper

THE COPPER market came to life this year with a spectacular jump in prices from £770 a tonne (for cash wirebars) at the beginning of January to over £1,050 by March. Subsequently after a setback, based on fears of an economic recession, the market reached a peak of well over £1,100, only exceeded by the record level of £1,400 achieved in 1974.

Heavy shortfalls in production from Zaire and Zambia on the African copperbelt and a reversal of the expansion in Chilean output, as well as the closure of many mines throughout the world because of uneconomic prices, have all combined to cut drastically the previous surplus of supplies overhanging the market.

Zaire's production this year is now expected to fall to between 370,000 and 385,000 tonnes from the earlier estimate of 410,0000 tonnes. In the first half of this year Chilean copper production has fallen from 518,800 to 513,000 tonnes in the first six months of 1978. So it would appear that the International Wrought Copper Council's forecast of a world deficit of 400,000 tonnes (similar to last year's) is extremely likely.

The decline in LME stocks has been dramatic. From a record 645,800 tonnes in January, 1978, stocks have fallen steadily to around 170,000 tonnes, having collapsed to 373,530 by the end of last year. The sharp decline is attributed to producers' inability to meet contract commitments from their own resources and fulfil orders from LME warehouses. In addition, what is left is understood to belong to institutions which will be unwilling to place the material on the market unless the price is right.

Producers are taking full advantage of the situation in the annual round of negotiations for supply contracts for the coming year. Although details are not available, it is understood that premiums amounting to double this year's premium of £8 over the LME wirebar price can be expected for 1980 contracts. The emphasis is on quality and such contracts usually demand the best material which is already in very short supply. It is not always readily available in the right place at the right time.

Looking to the year ahead opinions differ on the economic front. Some suggest that the recession in the U.S. is not as serious as had at first been imagined and that demand will not fall off, indicating that prices will continue to rise in the first quarter of next year, similar to the trend at the beginning of this year. Others, however, fear that the recession will bite deeper, leading to a decline in demand and the possibility of a small surplus of production over consumption in 1980. But once the current recessionary phase is out of the way, then prices should begin to rise again as consumption picks up.

Western world refined copper consumption is expected to rise by 3 per cent to 7.5m tonnes this year from 7.3m in 1978. Increases in Europe and Japan will be offset by a decline in the U.S. For 1980, Mr. Paul A. Rittenhouse, market research manager of Texasgulf, foresees a slight decline to 7.4m tonnes, with the decline in demand in the first half of the year being as much as 5 per cent.

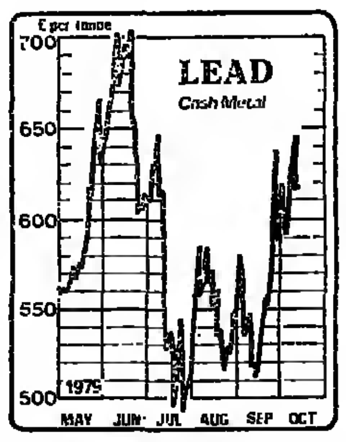
Supply and demand would then be in balance, as he forecasts a rise in refined copper production by 6 per cent to 7.4m tonnes in 1980 from 7m this year.

Thereafter production is not expected to keep pace with consumption. Refined copper consumption is expected to rise by 1.6m to 9.1m by 1985. But the outlook for production is gloomy since new production has not been encouraged by market prices and supplies will be very tight by the middle of the 1980s. Rittenhouse claims that an average price of $1.50 a pound is necessary to produce new supplies. This is something which producers have been complaining about for some time now. The current U.S. producer price is fluctuating between $1 and $1.10 a pound.

So while the recession may blunt the market's enthusiasm, the longer term outlook is good and prices are generally expected to move ahead again once the slump is over. In the immediate term, if gold consolidates and moves higher again, then higher prices can be seen in copper before the end of this year.

Sean Conway

Lead



LEAD PRICES have risen spectacularly this year, mainly as a result of some heavy buying by the Soviet Union and other Communist bloc countries creating a shortage of supplies available to the market. Stocks in the LME warehouses have been under constant pressure in the face of erratic purchases from the Communist countries.

While there are expectations of prices holding steady to the end of the year, much depends on the coming winter. Severe weather could bring about increased demand, particularly in the U.S., for car batteries. But a mild winter could lead to a sharp fall. The price is still below its record £708 in June of this year.

World mine production has not increased measurably over the past ten years (3.2m tonnes in 1969 and 3.6m for 1978). Refined consumption, however, has moved up from 3.8m to 4.4m tonnes, according to Rayner-Harwill in "The Changing Lead Market."

Referring to member countries, the International Lead and Zinc Study Group noted in "Trends in Production of Lead and Zinc" that secondary recovery from scrap has shown a similar increase from 0.41m tonnes in 1960 to 0.64m in 1969 and 0.74m in 1974.

The level of refined commercial stocks has continuously declined from 0.58m tonnes to 0.359m until recently, when they began to pick up again. For example, U.S. producer stocks in August rose from 10,858 to 13,566 tonnes. Stocks held at refiners' plants rose from 10,039 to 12,938 tonnes. Stocks held elsewhere declined to 838 from 779 tonnes. Production in August was 49,878 tonnes against 52,600 in July and shipments fell from 56,202 to 46,999 tonnes.

There has been little change in geographical production trends over the past ten years. But projects on hand indicate that Europe, South Africa and Canada will increase mine capacity while that of the U.S. could well continue to decline. Russia has strongly influenced the market upwards at times this year as a net importer. Yet its mine output has increased from 0.45m tonnes in 1969 to 0.525m tonnes and according to the World Bureau of Metal Statistics, the country is a net exporter.

This confuses the issue. But Russia will continue to have a strong influence on the market along with Eastern bloc buying which took the market to new peaks during the year.

However, assuming that all planned projects come on stream there could be a supply/demand balance achieved in late 1980 with a small surplus developing through to 1990 following the estimated shortfall of about 100,000 tonnes this year. Critical to the market is vehicle battery demand, estimated to increase at an annual rate of two per cent.

Going back to basics and looking over the next two years, the relationship in supply of lead to zinc, and to a lesser extent to silver and copper, overrides all other factors in the market. Less than one third of all lead is mined from lead ores while projected developments indicate a continued preponderance of zinc in combined orebodies. This could bring about a conflict with a decline in the demand for zinc relative to lead and could foster volatile market conditions.

But whatever the longer term projections, the market is in a finely balanced state at the moment and any strong influence could move the price sharply either way. If supplies continue tight, particularly of top quality material, then prices could hold steady, at least until next year.

S.C.

Influence of U.S. markets

THE GROWTH in the influence of the New York markets on price trends on the London Metal Exchange (LME) in recent years is of considerable concern not only to European trade interests but also to brokers on the Exchange itself. No one likes to feel that he is playing second fiddle, especially to speculators with no specialised knowledge of the metals trade.

However, this has been a fact of life on the Exchange, for the past few years, with dealers constantly worrying about what is happening not only on the New York copper futures market but also in gold, silver and platinum.

With modern communications there is no longer the gap between London and overseas markets that was often previously allowed to develop. The LME in particular is a very international market, with over 70 per cent of its turnover coming from abroad. So it is vital that London should be in tune with New York and vice verse. Traders in Europe, Japan and elsewhere have the choice of the two markets so London must be competitive. New York has become much more international too and there has been a considerable growth in arbitrage trading between the two markets.

Advantage

Arbitrage trading essentially brings market prices in different areas together by taking advantage of any discrepancies or differentials that might develop during the normal course of domestic trading.

The fundamental theory of arbitrage is the ability to trade in one market at a different price from another, with the arbitrageur using the difference to make his guaranteed profit.

However, there are some difficulties which have been highlighted by the recent violent price movements in London. In New York settlement of outstanding margins has to be made each day, but in London payment of any profits made are not due until the delivery date of the purchase made. So if a company has losses in New York, even though they are covered by profits made in London, there could still be a serious cash flow problem.

Normally "temporary" shortfalls of this kind are treated with sympathy by banks and other financial institutions, but when the sums involved reach extremely large amounts they are looked at askance, particularly with present high interest rates. Even if the funds are made available they could well be charged at a cost that more than offsets any profits made on the arbitrage transactions.

The LME had additionally been considerably concerned this year over proposals by the Commodities Futures Trading Commission, which regulates the U.S. metal futures markets among others, declaring that "foreign" (for example, non-U.S.) traders must comply with the demands made on domestic companies to supply full details of all their transactions on the U.S. markets, including the names of their ultimate clients.

It was visualised that "foreign" companies would have to appoint special agents in the U.S. who would be subject to the reporting rules and regulations of the Commission.

In the event, after intense lobbying backed by an official diplomatic note from the British Government to the U.S. State Department, the Commission decided not to pursue the matter. "Foreign" traders pointed out that it was entirely contrary to normal trading practice in Europe to reveal the identities of their clients, which would be deemed as a breach of confidentiality, and on a more mundane note that the appointment of U.S. agents could involve them in tax problems. The upshot could be that business would be driven away from the U.S. The climb-down by the Commission, however, was somewhat reluctant and the threat of new regulations, just like the decision to ban options trading in the U.S., still remains.

John Edwards

Tin

THE THREAT of U.S. strategic stockpile releases continues to overshadow the tin market. Delays in Congress are holding up the proposed legislation to release 35,000 tonnes—5,000 of which are to be contributed to the International Tin Council buffer stock. Currently a tight nearby supply situation is bolstering prices, but once the authorisation is given to release U.S. stockpile tin, then the price can be expected to move into a downward spiral. The developing economic recession is expected to cause prices to decline in the New Year in any case.

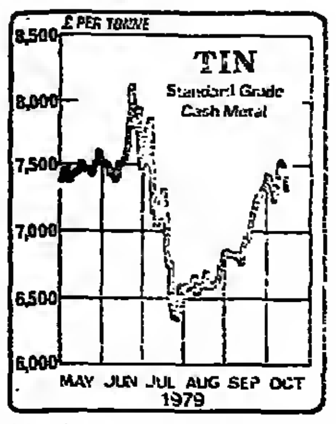
A similar tight supply situation in June caused the price to rise over £8,000 a tonne and cash premium to widen to as much as £1,000 over the three months' forward price. Then the price collapsed below £6,500 in July, following the decision to raise the International Tin Council's buffer stock price range.

Latterly the price has firmed up again, trading in the range of £7,300 to £7,500 with a backwardation (cash price premium) widening to around £300. Recent news of a fall in Thai production, decreased offerings in Penang and a decline in recent shipments from Singapore contribute to the present steadier market.

The International Tin Council buffer stock price range was raised to M$1,500-1,950 per pikul from the previous "floor" and "ceiling" prices of M$1,350 and 1,700 in July. The producers still maintain that the increase is insufficient to cover the increases in the costs of production over the past 12 months, and they fear the effects of the oncoming recession plus the threat of U.S. stockpile releases. Added to this are the expectations of a surplus this year of 3,400 tonnes compared with around 5,500 tonnes last year, according to Rayner-Harwill in their latest review. Certainly the boom in the tin market would appear to be ebbing away.

Producers remain adamant that the price increases were inadequate. Led by Bolivia, producers claimed that the price range under the International Tin Agreement should take into account the rising market price, which consumers have demonstrated in the past they have been willing to pay. The U.S. has stated that an average production cost cannot include levies put on by the producer government. In fact tin market values have been consistently above the ITA "ceiling" price ever since the buffer stock ran out of tin in 1977.

Bolivia has protested to the U.S. that its threat to release stockpile tin was "incompatible" with President Carter's human rights policies and would be "economic aggression." As a result the U.S. has agreed that it will only release 10,000 tonnes a year over the next three years once the legislation had been passed.



It might have been thought wiser to have released the stockpile tin about two years ago when the market was very short of supplies. Such releases would have been absorbed and would not have prevented the steady rise in prices at that time. Instead prices have risen sharply and collapsed dramatically on each whisper that stockpile releases were imminent. Such violent fluctuations have made long-term planning by both producers and consumers alike very difficult if not almost impossible.

On top of this, the tin [illegible] supplies.

However, if the price falls to the [illegible] of the ITA buffer stock price range [illegible] then the ITC buffer stock manager will be forced [illegible] in the ring. With expectations of a surplus next year, the recession and U.S. stockpile releases, the price could well be below £6,500 next year unless there is a dramatic shortage of supplies for one reason or another. But if prices prevent development of new production, then shortages could develop again as Third World demand increases and China becomes a net importer instead of an exporter.

S. C.

Silver

SILVER WAS the metal most affected by the mad rush into gold and traded up to 930p an ounce for three months metal. Small wonder that a move towards 1,000p is widely being forecast. But as with gold, it is generally accepted that a consolidation period is required before another upward surge from the current levels. If the new U.S. measures to support the dollar fail and inflation continues at a high level, then the above forecasts could well prove correct.

But with moves of 100p from minute to minute in recent volatile market conditions, it is almost impossible to relate to statistical evidence and fundamentals. India still maintains the ban on exports despite the sharp rise in prices and there is no evidence of any serious attempts at smuggling.

The U.S. Silver Institute has forecast an increase in world mine output of 5 per cent to 350.88m oz this year compared with 332.72m oz in 1978. Consumption figures are not so well documented, but demand has declined steadily from the peak of just over 500m oz in 1973 to current level of around 420m oz. Despite the difference in these figures there are sufficient stocks available to cover the deficit.

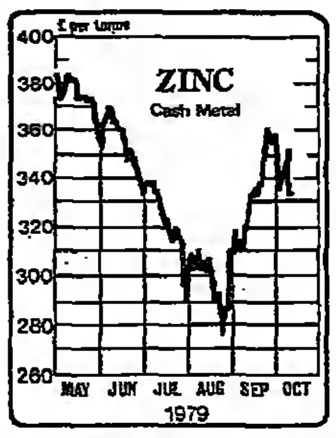
Industrial consumption in the U.S. fell by 43m oz in the second quarter of this year but total usage rose to 94.7m oz in the first seven months of this year—an increase of 18 per cent over corresponding period in 1978. The largest area of growth has been in new coins.

While no new major industrial uses are envisaged in the immediate future, perhaps a small increase of one or two per cent is possible. It is in the area of jewellery and investment that the outlook for silver might be more promising as investors look for the hedge against inflation.

Meanwhile in the U.S. a Bill is in motion to release 15m oz from the General Services Administration strategic stockpile but there are 139.5m oz deemed to be surplus to the stockpile requirements. For whatever reason, the recent market activity has had little to do with actual supply/demand factors and it looks as if it will continue to depend on gold, the dollar inflation and recession.

S. C.

Zinc



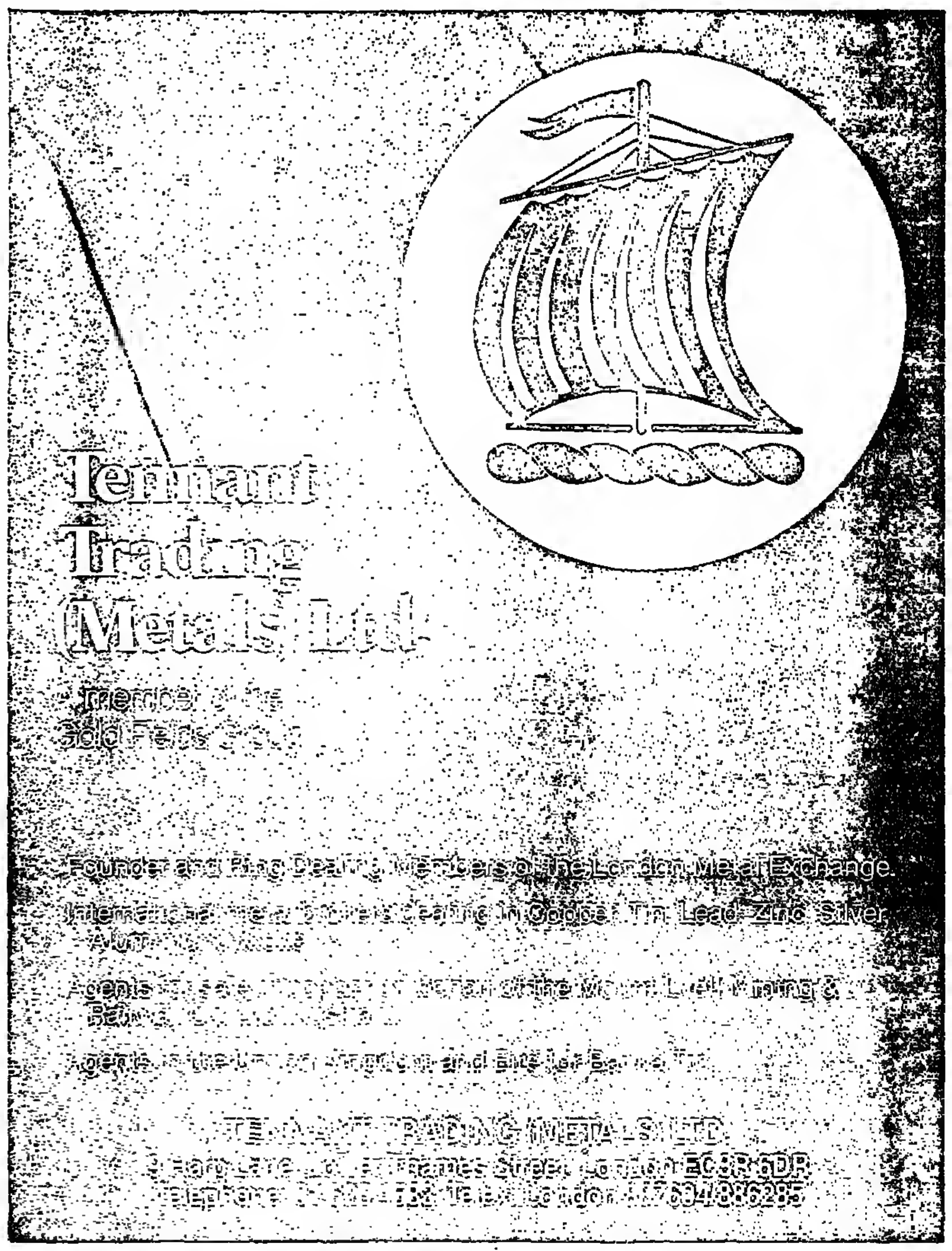
PRACTICALLY INSEPARABLE from lead, zinc remains a very vulnerable market, although looking more steady at the moment than hitherto. The price at just above £300 a tonne is still well below the all-time peak of £938 in 1974. Production capacity is greater than a declining consumption rate and producers are only too well aware of the dangers of upsetting the market and building up stocks above necessary levels.

Producers were able in stages to raise their official European producer price from a low of $550 in early 1978 to a high of $845 a tonne, but have recently had to cut back again to $780 because of excess supplies. However, they are now working hard to avoid another dangerous build-up in stocks. Preussag, the West German producer, started the ball rolling by announcing a 15 per cent reduction in output. This has now been taken up by most other leading producers in Europe and Canada in an attempt to bring back output more into line with consumption.

Unfortunately for the zinc producers there is a large installed capacity of zinc worldwide and with demand falling in the motor industry, coupled with the recession, the outlook for zinc must remain rather dull until the necessary balance in the market is achieved. Even then it will take massive producer control not to allow stocks to run up again. While the market price may not cover production costs, the price could become ridiculously low if the producers have not learned from past experience.

Although LME stocks have been falling to 48,275 tonnes from 69,556 at the beginning of the year, stocks of primary zinc at smelters have been rising. In Europe such stocks have risen to 185,200 tonnes in August from 147,600 tonnes in July and compare with 147,700 tonnes in August last year. The moves by the major producers to reduce such stocks can only contribute to the possibility of a steadier market.

S. C.



Currency risks

"MONEY SPEAKS sense in a language that all nations understand," claimed a writer in the 17th century. Three hundred years later it is still relatively easy to accept the latter part of the seotiment, but with the world's money markets in their present state, no ioternational trader is going to agree immediately with the rest of it.

Commodity traders on the London Metal Exchange and in other markets have had their fair share of the backwash from the international money markets, especially in the past year. Very few days go by without the phrase "currency factors" creeping into market reports. Indeed, the phrase has come to cover a multitude of sins, and has become an established cliche of market jargon —like "chartist interest," "stale bull liquidation," or "stop loss buying/selling."

The first way the world's money markets affect the commodity markets is via currency exchange rate variations. Most markets have customers in many countries, and each of these customers normally plans his operations in his own currency. If the trading currency (the one actually used on the floor of the market—i.e., sterling on the LME) drops in the currency markets, the foreign buyer can afford to bid more pounds, and still keep to his original trading plan. Conversely, if the pound rises against other currencies, a foreign seller can accept fewer pounds, and still meet his own target in his own money. Thus commodity markets automatically move the other way to their trading currencies.

With the wide variety of currency movements in the past year, this reaction has been a constant source of market movement and a constant source of worry to traders, who have had to keep at least one eye on the *foreign exchange markets* throughout their dealings.

But the overspill from the international money markets has, in the past year, also been taking a more direct form.

The international investors have got fed up with holding bank deposits in many of the major currencies. They do not see too much hope for any of the companies quoted on many of the world's major stock exchanges. They are looking for a better return than offered by the most reputable borrowers in the Eurodollar markets. So they have turned to commodities.

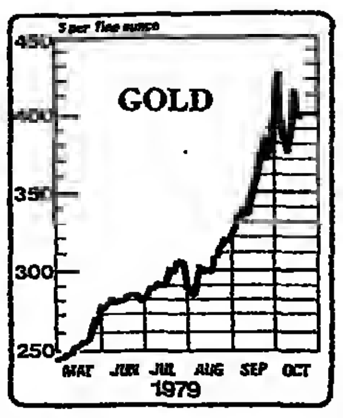
Given the climate of barely relieved gloom—in which oil prices have risen by 60 per cent so far this year against an original promise of a 10 per cent increase, with Kuwait adding another 10 per cent to its price last week which could trigger a fresh round of adjustments, and the International Monetary Fund working on the assumption that real economic growth in the industrialised countries will drop from a modest 3 per cent this year to 2 per cent in 1980—commodities seem more valuable than money.

Damage

The poor growth prospects of the U.S. economy—1.3 per cent expected this year and zero next year by the IMF—together with 14 or 15 per cent inflation, have done further damage by undermining the credibility of the dollar, the world's major reserve and trading currency.

This has led to a headlong rush into gold. The metal reached a high of $445.5 per ounce, and in spite of some reaction to such high levels, it is still hovering at about $400 per ounce. This is twice the price of less than a year ago. Furthermore, the last $150 of the rise have been covered in less than two months — since the Dresdner Bank demonstrated the strength of demand for gold by scooping up nearly all of the gold on offer at the U.S. Treasury auction towards the end of August. And the last $100 have been scaled in the last month or so.

The reason why investors have preferred gold to money this year has been the same as during any period of economic stress. They believe, not always incorrectly, that faced with demands for more money few governments, or even international monetary authorities, will be able to resist for ever the temptation to print more. In contrast there is a limited amount of gold that can be mined or tempted out of official and unofficial reserves in any year — in 1978 this was about 1,741 tonnes.



Indeed so strong has been the tendency to prefer gold that South African Finance Minister Owen Horwood was right when he said in Belgrade earlier this month that the attempts to phase gold out of the international monetary system had failed. He noted that its importance as a primary reserve asset has in recent years been greatly enhanced. Gold accounted for more than half of the world's official reserves at current market prices.

More or less the same arguments which make gold attractive to the investor — its limited supply, its physical durability — can be applied to the industrially used base metals. Thus when the speculators feel that the gold market has gone up too steeply to be comfortable, or they think that they have missed the best opportunity to get into a trend, they look to the base metals, and on occasions even to the soft commodities, e.g. sugar.

But in fact the connection between gold and the base metals is a little superficial (while the link with soft commodities is just rather tenuous). One of the main differences is that gold is used largely for investment purposes, with jewellery and dentistry among the main "industrial" *outlets*—areas where demand is not especially elastic. In contrast demand for the industrial metals is going to be subject to the swings in industrial demand.

Another point of divergence is that outputs of the base metals are very much greater than of gold, running into millions or even tens of millions of tonnes. While consumptions tend to match, small variations can lead to sizeable surpluses or deficits, with corresponding consequences for prices.

Thus investors who assume that any or all of the base metals are going to go up just because gold is rising could be in for a nasty shock.

Nevertheless, their activities have a self-fulfilling quality, which means that base metal prices do respond to movements in gold, at least for days at a time.

The one metal to effectively straddle this divide, and act like both a precious and a base metal, is silver. It has traditionally been a sort of "poor man's gold," and still retains some of the monetary role it used to have that has, for instance, led to the UK currency being christened "sterling." But mining developments in the last century have opened up much greater reserves of the metal, and silver has been found a serious industrial use as one of the main ingredients of photographic materials. This dual role has also helped to make the base metals respond to movements in the preci- 's metals.

Thus the "currency factors," a term which tends to cover the *disruptions* which cause currency fluctuations, as well as the fluctuations themselves, are a logical effect. But whether that constitutes "money speaking sense" is another matter.

Grog Smosarski

Check on finances

ONLY FOUR bankruptcies in over 100 years is a good record for any financial institution. But it is even more surprising in view of the fact that the London Metal Exchange (LME) is thought to be the only commodity futures market without a central clearing house system to spread the risks.

Some traders would argue that it is the absence of a clearing house, and reliance on a principal's contract, that make the London Metal Exchange a unique institution of its kind.

Nevertheless it became clear some years ago that if the Exchange was to cope with the *increasing volume of business it* would have to do something to improve its financial stability in view of the rise in metal prices inflating the sums of money at risk in the event of a default.

There was heavy pressure for the introduction of a clearing house, or settlement, a system similar to those used by other commodity futures exchanges. The Bank of England was among those alarmed at the prospect of a default triggering off a series of bankruptcies and undermining the whole structure of the Exchange. Several members of the Exchange too found that clients were reluctant to trade because of concern about the risk of financial failure, and advocated that a clearing house system should be introduced.

However, an even stronger body of opinion on the Exchange was opposed to the introduction of a clearing house, arguing that it would discourage trade hedging business by forcing members to pass on the deposits required by the clearing house to trade clients who often at present do not have to put up margins.

Maximum

One of the main reasons for LME quotations being limited to three months ahead is that it is considered to be the maximum period over which credit can be provided to the trade by members. But it is the provision of credit, and the ability to trade for specific days up to three months ahead, that has been a prime factor in encouraging the close links between the Exchange and the metals trade. Without those links, it is argued, the Exchange could become a mini-Comex (New York copper market) dominated by speculators.

The compromise, accepted by the Bank of England as a reasonable alternative to a clearing house, was the Metal Exchange Monitoring Operation (known as Memo) introduced for a trial period in February before coming into effect from June 1 this year. It is a fairly complicated scheme, and one that has obliged all the ring-dealing member companies to look hard at their financial records and at their methods of ensuring a reasonable cash flow and avoiding bad debts. Indeed some members claim that the main benefit of the scheme has been in making ring-dealing companies far more aware of their financial risks and commitments.

The scheme has also ironed out the previous discrepancies in the different amounts that member companies had to put up as guarantees for ring-dealing membership.

It is a big deterrent to overtrading by individual companies since the size of guarantees provided *varies the volume of business* transacted.

Each member is granted a credit line, representing the maximum amount the company may owe all other members collectively without having to provide collateral. This credit line is calculated on several criteria: net tangible assets; parent company guarantee; mandatory bank guarantee of £500,000; and an additional optional guarantee of £1m.

In recognition of the credit that members of the ring have traditionally given each other, "leverage" is given to the first £1.5m worth of bank guarantees provided. The first £½m is deemed to be equal to £2m; the next £½m, £1.5m and the third £½m, £1m. So it pays members to put up £1.5m knowing it will be worth £4.5m worth of credit. All subsequent guarantees are valued on a pound to pound basis.

Each member has to report all forward trading transactions daily to the Monitor—an independent firm of chartered accountants which calculates how much each company owes to other members of the market. If this figure exceeds the company's credit line the Monitor immediately informs the special monitoring committee formed by the Exchange.

The Committee is empowered to call on the member company to provide such additional security as it thinks fit, but it must at least equal the shortfall below the credit line and might be considerably more to ensure the credit line is not breached again. To avoid this somewhat lengthy procedure being invoked most member companies leave a healthy safety margin, with the use of standby bank guaranteed if their indebtedness to the market looks likely to reach the normal credit line.

The daily calculating and reporting of all the transactions is handled by the computer bureau of the International Commodities Clearing House, which provides the clearing house system for the soft commodity futures markets. Making arrangements to meet the information required by the computer has reportedly made several companies more conscious of their liabilities and brought a general tightening up in debt collection and commitment.

To that extent the monitoring system has certainly been a success, and it is a major achievement that there has been no disruption of normal trading. Whether the system actually provides much greater financial stability to the Exchange in times of pressure is open to doubt, however.

Halfway

A recent study by Gordon Gemill, senior research fellow in commodities at the City University Business School, concluded that the Exchange had moved more than halfway towards a full clearing system with the introduction of the monitoring scheme. But it added that in the long run the adoption of a clearing house could lead to a much larger market with opportunities for ring-dealing members considerably enhanced. It argues that there are already enough risks in the highly geared world of commodity trading without introducing the further risk of default on forward contracts.

At the moment that view is not shared by the majority of members on the Exchange, but the recent violent price movements in the silver market in particular may give rise to concern.

The special LME compensation fund, which is regarded as a back-up to the monitoring scheme, only provides compensation for shortfalls in trading between ring-dealing members. There is no compensation, or guarantee, available for clients dealing with members of the Exchange. In other words if a broker goes into liquidation—and there have been two cases already this year—the clients have no *special redress except* for the normal bankruptcy procedure.

A clearing house system would no more solve this problem than the monitoring scheme; after all Rowntrees lost £32m on the cocoa futures market. But following the surge in metal prices to much higher levels, and the violent fluctuations, it is a cause for some concern. At least, however, the introduction of the monitoring scheme shows that the Exchange is very conscious of the sharp rise in the financial risks at stake.

John Edwards

CONTRACTS AND TENDERS

TANZANIA ELECTRIC SUPPLY COMPANY LIMITED
KIDATU—MUFINDI POWER TRANSMISSION PROJECT
INVITATION FOR TENDER

The Tanzania Electric Supply Company Limited (TANESCO) has undertaken a project to supply power to the pulp and paper mill being constructed in Mufindi, South Tanzania. In addition, equipment will be provided to connect Iringa township and local networks to the grid.

The Tanzania Government on behalf of the Tanzania Electric Supply Company has applied for loans from the African Development Bank, the Commonwealth Development Corporation and the Organisation of Oil Exporting Countries.

The scope of the project included in this tender comprises 140km of 220kV, single circuit self supporting, steel tower, transmission line 220/33kV substations at Kidatu and Iringa, a 220/33/11kV substation at Mufindi and power line carrier equipment. Contracts will be let as follows:

Contract KM1B Transmission Lines from Iringa to Mufindi
KM2 Substations and Power Line Carrier

and will embrace design, manufacture, erection and commissioning of all plant including civil works.

Tenders are invited from suitably qualified contractors of any country, with the exception of South Africa and Rhodesia. Documents may be purchased from TANESCO'S consultants: Engineering and Power Development Consultants Ltd, Marlowe House, Sidcup, Kent OA15 7AU, England. Telex 25588 on or after 12th November 1979 at a cost of £50.

Three sets of tender documents, sealed and clearly marked KM1B or KM2 as applicable should be sent to: The Managing Director, Tanzania Electric Supply Company Limited, P.O. Box 9024, Dar Es Salaam. Telex 41318. The closing date for tenders will be 31st January 1980 and there will be a compulsory site visit for tenderers from 3rd to 7th December 1979.

The Syrian Arab Republic
Committee of the AL-Assad University Hospital

The Committee of AL-Assad Univrsity Hospital calls for offers for carrying out the oecessary studies for completing and equipping AL-Assad University Hospital in the city of Lattakia.

The period for performing the required preliminary study is 40 days starting from the day following that of notifying the final study is 70 days startiog from the day following the tenderer the order to start. The period for accomplishing that if notifying the engineer who carrid out the study the administration's design regarding the prelimioary study.

Tenderers should be highly experienced and have previously performed similar work. Offers sbould be submited to Tishrin University not later than 2.30 p.m. oo Tuesday, 6th November, 1979.

Offers should be submitted in accordance with the form and conditions specified in the instructioos for tenderers and tbey should be accompanied with a bid bood of 5% of the offer's value.

Tender documents and supplements are available from Tishrin University in Lattakia against Syr.P. 500.

DR. ALI BADDOUR
President of the Committee of
AL-Assad University Hospital

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

Bank of Tokyo (Curaçao) Holding N.V.

U.S.$30,000,000

Guaranteed Floating Rate Notes due 1993

Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curacao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank N.A., dated 16th October, 1978, notice is hereby given that the Rate of Interest has been fixed at 14$\frac{13}{16}$% p.a., and that the interest payable on the relevant Interest Payment Date, 18th April, 1980, against Coupon No. 3 will be U.S.$75.93 and has been computed on the actual number of days elapsed (183) divided by 360.

18th October, 1979
By: Citibank, N.A., London, Agent Bank

CITIBANK

KONISHIROKU PHOTO INDUSTRY CO. LTD.
NOTICE TO EOR HOLDERS

NOTICE IS HEREBY GIVEN that the Shareholders' Register will be closed from October 21, 1979 to December 5, 1979. Accordingly during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EORs. EOR holders are further informed that October 20, 1979 is the record date for determination of persons who will be entitled to receive the interim dividend.

With effect from October 17, 1979 the shares will be traded on the Tokyo Stock Exchange ex-dividend, and EOR holders are advised that Coupon No. 5 to the EORs will, subject to Directors' approval of the dividend, be used for the purpose of claiming this dividend and will be deemed to mature on October 17, 1979. Commencing on October 17, 1979 Coupon No. 5 should be detached from any EORs presented for surrender and will not be issued with any new EORs.

Subject to Directors' approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend, together with the procedure to be followed for obtaining payment thereof, as soon as practicable after receipt of the dividend by the Depositary. Only upon such notice will any payment be made against the presentation of Coupon No. 5.

THE CHASE MANHATTAN BANK N.A.
London,
as Depositary.

EUROPEAN INVESTMENT BANK
7¾% 1971-1981 loan of FF 100,000,000

Bondholders are advised that the amount of FF 3,000,000 redeemable on December 10, 1979 was bought into the market.

Amount outstanding: FF 69,000,000.
Luxembourg, October 18, 1979.
European Investment Bank.

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED
ORDINARY SHARES

NOTICE IS HEREBY GIVEN that the Directors have declared an Interim Dividend for 1979 of 4.50 per share, will be payable on 2nd January, 1980 upon the Ordinary Shares of the Company. Registered Shareholders: The Dividend will be payable to the Registered Shareholders whose names appear in the Register of Members at the close of business on the 30th November, 1979.

Share Warrants to Bearer: The coupons to be presented in respect of the above dividend are numbered 190. They must be lodged for examination at Barclays Bank Limited, City Office, 170 Fenchurch Street, London EC3, at least five clear days prior to payment.
By Order of the Board
J. O. FOX, Secretary

266 Bishopsgate,
London, EC2M 4QP.
17th October, 1979.

PROVIDENT LIFE ASSOCIATION OF LONDON LIMITED
5½% (FORMERLY 5%) GROSS CUMULATIVE PREFERENCE SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN that the Dividend for the six months ending 31st December, 1979 of 0.275p per share, will be payable on 2nd January, 1980.

Registered Shareholders: The Dividend will be payable to the Registered Shareholders whose names appear in the Register of Members at the close of business on the 30th November, 1979.

Share Warrants to Bearer: The coupons to be presented in respect of the above dividends are numbered 191. They must be lodged for examination at Barclays Bank Limited, City Office, 170 Fenchurch Street, London EC3, at least five clear days prior to payment.
By Order of the Board
J. O. FOX, Secretary

266 Bishopsgate,
London, EC2M 4QP.
17th October, 1979.

EXHIBITIONS

GOLDSMITHS' HALL. THE SCHRODER HERITAGE. An exhibition of Renaissance treasures, at Goldsmiths' Hall, Foster Lane, E.C.2. Mon.-Fri. 10.15-5.00 until 26th. Admission free. Enquiries to John Heywood, 23rd. [illegible] 606 8971.

TRAVEL

GENEVA, Basle, Zurich and Berne. Widest range of cheap flights from U.K. airports. Brochure Falcon 01-351 2191. Telex 919076. ATOL 3690.

LEGAL NOTICES

THE COMPANIES ACTS 1948 to 1967

MYRA-KNIT LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 20th day of November, 1979, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to

PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 9th day of October 1979.
P. MONJACK, Liquidator.

THE COMPANIES ACTS 1948 to 1976

HOMEWELL & CO. (BUILDERS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,

on Wednesday, the 24th day of October 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 9th day of October 1979.
By Order of the Board,
P. G. NASH, Director.

THE COMPANIES ACTS 1948 to 1976

BERNEYS MAN'S SHOPS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,

on Friday, the 26th day of October 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 10th day of October 1979.
By Order of the Board
BERNARD HONES, Director.

IN THE MATTER OF BRAGG STOCKDALE HALL & CO. AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of November, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned:

BRIAN MICHAEL PARROTT, FCA,
of Couch Bright King & Co.,
91 Gower Street, London, WC1,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of October, 1979.
B. M. PARROTT, Liquidator.

This Notice is purely formal. All known creditors have been, or will be, paid in full.

BUSINESS AND INVESTMENT OPPORTUNITIES

Equity investments of about £50,000 to £2,000,000 in privately-owned companies

Midland Bank Industrial Equity Holdings Limited Group of companies can provide or arrange minority and flexible equity investments in suitable cases.

Investment funds are available for:-

* Development capital
* C.T.T. payment or planning
* Venture capital, including start-ups
* Shareholders wishing to retire
* Shareholders wishing to establish family trusts or who require funds for other purposes

For full details and brochures please contact:
Midland Montagu Industrial Finance Limited,
Scottish Life House, 36 Poultry, London EC2R 8AJ
Telephone: 01-638 8861

Midland Bank Group

Take a close look at Fine Stamps

Falkland Islands
1933 Centenary Issue*

A series of twelve stamps issued in January 1933 to commemorate 100 years of British occupation. A series of these stamps were purchased in March 1977 for £520. Today's current market valuation is £3,000. For further information on this most lucrative of non-traditional investments contact the address below.

*£1.00 value illustrated.

UH

Fine Stamp Investment Service
Urch Holdings Limited, 14 Christmas Steps, Bristol BS1 5BS, England.
Telephone: (0272) 20442.

Obtain substantial INCOME TAX REPAYMENTS

Most of you will be receiving substantial tax rebates this month. Fitzhoward Todd has a completely legal, commercial scheme, developed as a result of this year's second Finance Act, to secure tax rebates for as far back as 1976, at rates up to 98%.

To take maximum advantage of this new, but once-and-for-all tax saving opportunity, URGENT ACTION IS REQUIRED. To arrange a private meeting, please write or telephone

Alan Sharp, Director of Client Liaison,
Fitzhoward Todd, Hillgate House, Old Bailey,
London EC4M 7HS. 01-248 6321

RI+B Robert Irving + Burns
23-24 Margaret St.,
London, W1N 8LE
Telephone: 01-637 0821 (10 lines)

LET US SOLVE YOUR RENT REVIEW OR LEASE RENEWAL PROBLEMS

Contact Robert Serlin FSVA, FRVA, MRSH
(Head of Professional Department)

on 01-637 0821

ATTENTION !
CORPORATE AND PERSONAL LESSORS

Are you getting lower yields than you could enjoy?
Are you paying your broker higher commission rates than we charge?
Are you in any way dissatisfied with the service you get?

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THE JOBS COLUMN

Resource Exchange now producing results

BY MICHAEL DIXON

MUCH CREATIVITY was expected from the bringing together of two great national poets: Wordsworth of England and Hölderlin of Germany. But all the meeting achieved was to convince each of them that the other wasn't much good at poetry. One of the reasons may have been that neither spoke the other's language.

The same may be generally true of contacts between small-business people and the larger commercial fry who would like to help them—or so it seems, alas, from the experience of the Resource Exchange originated by one Michael Bretherton, in conjunction with this column, some 10 months ago.

Keen and multi-national response greeted the proposal of a private-enterprise clearing house to put together people with un- or under-employed resources, be these money, ideas for products or services, managerial or other working skills, spare manufacturing capacity, or whatever.

The early developments of the idea (reported in the Jobs Columns of January 30, March 6, and May 1) culminated in a brainstorming meeting of 50 impressive volunteers from industry and commerce at the Financial Times headquarters in London. Since then, despite frequent and sometimes strident appeals from readers for further progress reports, I have left the Resource Exchange to its own devices.

The main reason is that, reviewing the copious outcome of the brainstorming and other activities, Mr. Bretherton could not help concluding that while rich in ideas and enthusiasm, the venture lacked both experience and sources of funds sufficient to set it up as a fully going concern. He and I therefore agreed to give the infant a few quiet months in which to learn more about its proposed job of cultivating small-business activity.

The task has been far from easy, not least because Michael B. has simultaneously had to earn a living in his other role as head of the Right Match International consultancy. But he now thinks that the Resource Exchange has grown enough to stand up in public once more, and be measured.

The project most developed to date is the one from which the whole idea started: the Invashrew invalid car designed and initially engineered by pupils at Shrewsbury School, including a lad called Paul Bretherton. The Invashrew has been taken up by Turner International of Stratford on Avon, with substantial backing from the National Research and Development Corporation.

Another product soon to emerge to market through the exchange's assembly shop, is a do-it-yourself system giving people the opportunity of exercising various levels of skill from the near professional, through the keen amateur, to the barely recognisable. Enthusiastic work by the resources who have joined in this scheme, has given the system good prospects of a pre-Christmas launching.

Approaches to the exchange have indicated a strong interest by various organisations in what Michael Bretherton calls "seeding employment" in geographical areas (not only in the United Kingdom) which are short of jobs.

To have a good prospect of growth, employment "plants" of the desired kind need to be unusually hardy. And the first experimental variety is now coming to light in South London.

The process chosen is furniture-manufacture based on craft, which nevertheless can be trained into people virtually from scratch in a few months. The inventor has already trained two others who will soon be doing likewise to about 10 more, with the aid of £3,500 per head of capital furnished by the area's local authority.

"We're insisting on de-bugging the plant in our own local greenhouse," Mr. Bretherton says. "But it's now established well enough for us to be looking for a couple of people, probably a husband-and-wife team working on franchise, to start marketing the products direct to retail outlets in a neighbouring district." (Anyone wanting to know more should contact him at Right Match International, 5 St. James's Place, London SW1A 1NP; telephone 01-491 4737, telex 97180.)

Once de-bugged, this enterprise will form a model for the other aspiring job-generators on the Resource Exchange's books.

But what has become most apparent through the Resource Exchange's efforts so far is the obstacle to small-business cultivation which I indicated at the start of this column. On the one hand, Michael Bretherton has found plenty of well organised "Wordsworths" with funds or other forms of resource they would like to invest in small concerns. On the other, he has numerous "Hölderlins" in the shape of individual business men who say they need capital. But the two sides don't seem to talk the same language.

"As a small-business man myself," Mr. Bretherton says, "I think I can see the main problem. To a commercially advanced organisation, business is business, and a prospective development is a matter of cash-flows, previous accounts and the like. But to the person on the small side, business is very much more emotional, with the objective commercial aspects wrapped around with various personal problems that the proprietor is reluctant to discuss.

"So when pressed for cash-flows etc., they tend to start hedging to shield their personal position, giving small-businessmen the reputation of being a damned nuisance. Often the money they ask for isn't what they really need, but there doesn't seem to be any machinery to help them go deeper. Small business people with problems need to be able to discuss them as a whole with suitably experienced "confidants" who can be relied on to make neither judgments of the person concerned nor records of the matters being discussed."

Accordingly, the Resource Exchange plans to supply this need. First, and free of charge, businessmen can meet for half an hour's initial discussions with the "confidants" available. Then if both sides think it worthwhile, they can get down to half a day's thorough consultation at a cost to the client of about £200.

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THE ISLE OF MAN CIVIL SERVICE

ECONOMIST— THE TREASURY

Applications are invited from recent honours graduates in economics for the post of Economist on the staff of the Economics Section of the Treasury.

The post is permanent and pensionable on a non-contributory basis (save for a contribution of 1½% towards family benefits) and has a salary scale of £4,204 to £5,272 per annum rising to £4,650 to £5,700 per annum with effect from the 1st January, 1980. A removal expenses grant of 60% is payable and the standard rate of income tax in the Island is 20½%.

The successful applicant will be concerned with the collection, collation and evaluation of information about the various forms of economic activity in the Island and the maintenance of an Index of Retail Prices. Further details can be obtained from the Senior Economist (Tel: 0624-26262 Ext. 2314).

Applications stating full name, address, date of birth, qualifications and experience, together with the names and addresses of two referees, should be submitted to the Acting Secretary, Civil Service Commission, Central Government Offices, Douglas, on or before the 2nd November, 1979.

THEATRE ROYAL, NORWICH

Box Office Manager

We need a *manager* for our Box Office to organise and control our staff of sixteen in probably the busiest Box Office in the country.

Experience of book-keeping or accountancy and staff management is necessary, *as is the temperament* to work well under pressure.

We would prefer someone with previous Box Office management experience but a suitable adaptable person with an outgoing personality, able to work *well with both* patrons and staff will be considered and given the opportunity to prove his or her worth.

The salary is negotiable but will reflect the significance which we place on finding the right person *for this important post*.

Applications to:

Richard Condon,
Theatre Royal, Theatre Street,
Norwich, Norfolk NR2 1RE.

Management Services Computing

London
c£15,000 + car

This new post heads up Management Services, with an emphasis on directing and controlling extensive computer systems development. The need to recruit staff to cope with rapid growth and define requirements with users will add to the challenge.

This public body has an important financial intermediary role, involving the provision of loans and grants to a large number of organisations distributed throughout the country. Its information needs are complex and currently are not fully met. Systems development will receive high priority and commitment from the top.

Candidates should be between 35 and 45 and able to demonstrate considerable achievement and experience in developing financial systems. A good honours degree or equivalent, managerial ability and strong communication skills are required.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to P. J. Williamson quoting reference 830/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Management Services Manager

. . . To take a committed DP user into the 80's
c. £15K + Prestige Car.

Quinton Hazell Limited is a highly successful £150 million a year turnover Group of companies employing some *7500 people worldwide* and part of *the Burmah Oil* Company. A world leader in the manufacture and distribution of motor components the Group has built an international reputation for the design, innovation and production of quality parts.

Autumn 1980 is scheduled for the opening of a new custom-built, computer centre at Balsall Common, a select residential area on the outskirts of Coventry. The centre will house some 60 systems services staff and an ICL 2960/10, operating under VME/B linked to minicomputers and microprocessors at various sites around the country.

The first stage of a long-term objective to introduce extensive distributed processing within the organisation has been successfully completed. On-line order entry and stock distribution systems are presently controlling the main activities at the company's warehouses at Nuneaton and Warton where DEC 11/70 minicomputers have recently been installed. An initial microprocessor order has been placed for introduction in the *130 strong Partco wholesaling chain*. It is anticipated that a large scale integrated network will be built over the next few years to integrate into the Groups activities.

A Management Services Manager is now sought to manage the OP, O & M and O & R functions and to be responsible for instigating, planning and developing dynamic marketing, financial, manufacturing and distribution systems. Systems which will integrate with its policy of designing fully decentralised information systems, via a centrally based systems development team.

Aged in your mid thirties to forties, you will have maturity, presence and the in-depth management experience fundamental to this senior executive role. A role which will *demand from you major contributions to the Groups corporate strategy*.

A man or woman with proven man-management skills and a solid systems management background — preferably ICL — you will have a disciplined approach and the ability to relate to grass root technical problems.

Previous systems experience in a retail/wholesale or production environment would be a distinct advantage for this challenging appointment within this progressive organisation.

The salary will be negotiable as indicated, a prestige company car will be provided and the excellent fringe benefits include BUPA and generous assistance will of course be given with relocation where appropriate.

Please write or telephone for an application form to: Mr. I.J. Ritchie, Personnel Director, Quinton Hazell Limited, Hazell House, Blackdown, Leamington Spa, Warwickshire. Telephone: 0926 29121.

QH Quinton Hazell Ltd

Senior Financial Analysts

Aylesbury **c. £9,500**

Our client forms the Headquarters of one of the world's most successful marketing and manufacturing organisations.

Following internal promotions, they now require two young, ambitious individuals, one in each of the following business areas:

- Balance Sheet Planning – where you will be involved in the analysis of financial data upon which effective business decisions can be made.
- Asset Management Reporting – the team controls and analyses divisional assets and funding data on a current and forecast basis.

You will be aided in these functions by highly sophisticated computerised systems and analytical tools.

Ideally aged 25/30 you will be a numerate graduate, and a qualified member of a professional accounting body, with 2/4 years industrial financial analytical experience.

Although your qualification and a good professional background are essential, more important still are the personal qualities you will need to succeed. Energy, self-motivation, ambition and flair should be combined with real management potential and a genuine desire for total involvement.

Please telephone or write quoting Ref. RG 2692.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

IFC

Financial Policy Officer

The International Finance Corporation, an established international investment institution based in Washington D.C. and an affiliate of the World Bank, is seeking a Financial Policy Officer for its Finance and Management Department.

The primary function of this position will be the analysis of financial policy issues and special projects in the areas of financial operations and portfolio experience. Attention will focus on a wide range of financial policy issues, such as those relating to IFC's resources, borrowing arrangements, portfolio experience and characteristics, interest rate, and reserve policies. In addition the position will involve systematic monitoring of the financial operations of the corporation.

Applicants should have an advanced university degree or equivalent in finance (corporate or public) or business administration, with 3 to 5 years' relevant financial experience. The ability to write clear and concise reports is essential as is a critical and analytical approach to work.

A competitive benefits package is offered, including relocation expenses on appointment and provision to maintain ties with home country.

Applications will be treated confidentially. Please send resumé to:
Miss Katherine Louthood, International Finance Corporation,
1818 H Street, N.W., Washington D.C. 20433, USA.

INTERNATIONAL FINANCE CORPORATION

FINANCIAL CONTROLLER

City from £12,500 + car

Our client, ROTHSCHILD INVESTMENT TRUST LIMITED, wishes to recruit a chartered accountant as financial controller to join the small top management team, reporting to the managing director.

Responsibilities will include group accounts, management and statistical information, administration and internal control, budgeting, banking, group tax, relationships with city institutions, and statutory secretarial work for subsidiary companies.

The successful candidate will be a member of a small team, working in close co-operation with the Group's Secretary and will be an able, mature and intelligent person, preferably aged 35 to 45, with a disciplined attitude and used to working under pressure. Experience of the City and some linguistic ability would be helpful. The salary is negotiable from £12,500 p.a. plus car and appropriate benefits; future prospects are excellent.

Applicants should write in complete confidence giving full details of previous experience and current salary to J. W. Hills, Aiman Impey Morrish, Management Consultants, 40/43 Chancery Lane, London WC2A 1JJ quoting reference C1567.

A.I.M.

MANAGEMENT CONSULTANCY
EXECUTIVE SEARCH AND SELECTION
CONSULTANT: PARTNER & DIRECTOR

London W1 **£15,000-£20,000**

Become a Senior member of our highly successful Consultancy Team. Control, develop and directly share in your own success! Act for some of Industry's top companies.

Our Consultancy Practice: Our reputation is enviable. In 3 years, we have developed our UK and International business, acting for some of the most important UK companies. Top level assignments have spanned the globe: Europe, the Far East, the Americas. New business is developing daily. We pride ourselves on providing the best quality and in-depth service of any UK consultancy.

Your Opportunity: Become the final partner in our practice. Assume responsibility for servicing and developing our growing clientele. Train in Merton's unique consultancy concepts. Rapidly establish *yourself as an integral part of our successful team.* Create a career for yourself which directly rewards your efforts.

Your Background: An accomplished business manager. An individual who believes a company's manpower is its most vital asset, deserving the time, effort and in-depth analysis necessary to evaluate a problem and evolve the optimum solution. You will be: Analytical • Resourceful • Practical • Highly personable . . . above all, deeply knowledgeable about all facets of managing multifarious companies.

ACT NOW! To discuss the position further (in the strictest of confidence) simply telephone Michael A. Silverman MIPM, MInstM, MBIM, on 01-388 2051.

This appointment is open to male/female applicants.

MERTON ASSOCIATES (CONSULTANTS) LIMITED.
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

EUROCURRENCY CREDIT

ANALYSIS — ADMIN. — MARKETING — SYNDICATION

£6,000-£11,000

We have a number of clients offering first class career opportunities in various aspects of credit and lending.

In every case, the essential demand is a background incorporating sound training and relevant practical experience. More specific requirements include linguistic skills (especially Spanish / Portuguese, German) or knowledge of such specialised fields as shipping, commodities, petroleum, etc.

To discuss these possibilities in the light of your own particular career objectives, please telephone either Ann Costello or John Chiverton, A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London, W.C.1. 01-242-5841

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

INSTITUTIONAL SALES
(U.S. EQUITIES)
NEW YORK

A major U.S. investment bank seeks an additional Executive Salesman to assist in the servicing of existing institutional clients and the development of new relationships in England and Scotland. The position is based in New York but requires regular visits to the U.K.

Applicants, ideally in the age range 25-35, must have good institutional contacts and a knowledge of the U.S. stockmarket would be preferred.

Salary is negotiable and will depend on experience. The right individual will find the financial opportunity attractive. Generous consideration will be given towards relocation and other expenses.

Please contact ROY WEBB in the first instance. All enquiries will be treated in strict confidence.

First floor—entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Senior Finance Executive

City £13,500 negotiable

This long established City management company provides services to an expanding group of medium sized public companies. They now require a Senior Finance Executive to be responsible to the Boards. The role will include the supervision of the financial control, accounting and secretarial functions, and advising the Boards on all aspects of the group's financial affairs. This is a new position to enable the Boards to be kept fully informed on all matters of consequence throughout the group.

Candidates should be Chartered Accountants, between 35-45, with a broad financial experience likely to have been gained in the City. A blend of business and administrative experience is required together with the personality to contribute effectively to the continued success of the group.

Salary is negotiable in the region of £13,500 and a car is provided together with other benefits. It is envisaged that a Directorship will be offered in due course.

Please write with full personal details, in confidence, to James Donald at the address below:

D. Gardiner Associates

Appointment Consultants, 2nd Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-353 1684/1169.

DIRECTOR - TAX CONSULTANCY

City Based

c. £20,000 + Profit Share + Car

One of the largest and best-known London based tax consultancies with a well-established client list wishes to recruit a Director.

Candidates will probably be qualified Chartered Accountants, Barristers or Solicitors, aged between 35 and 45, with experience of both corporate and personal tax at partner or equivalent level.

Applicants must have the ability to lead a creative and imaginative consultancy team.

The career prospects, coupled with the high earnings potential, are exceptional.

Please write with full personal and career details, marked Private and Confidential, to:

Alan Rook, FCA, Director,
Financial Techniques /Planning Services/ Limited
Hillgate House, Old Bailey, London EC4M 7BS

STOCKBROKING
SENIOR INVESTMENT ANALYSTS
Up to £20,000

Our client is a London institutional firm with a specialist Research Department wishing to appoint two senior investment analysts, one in the brewing sector and one covering retailing.

The ideal candidates will have established themselves as leading authorities in their sectors, both with institutions and within the industries concerned.

Please send a comprehensive career résumé, including salary history, in confidence, quoting ref. 1013, to W. L. Tait.

Touche Ross & Co. Management Consultants

4 London Wall Buildings,
London, EC2M 5UJ
Tel: 01-588 6644

FINANCE DIRECTOR

Northern Nigeria **£20,000-£25,000 +House, Car & Benefits**

The subsidiary of a publicly quoted group with worldwide interests, our client has a turnover of £20m and in excess of 100 employees.

Reporting to and deputising for the Managing Director, the successful candidate will have broad responsibilities encompassing both the finance and general management areas. Of particular importance is the development of internal controls and ensuring adherence to the disciplines of a major group.

Candidates must be qualified accountants, probably in their late 20's or early 30's, who have gained experience in industry. They must be self motivated playing a key role in the company's management.

Initially, the appointment is for a period of two years but the company can offer long term prospects both in the U.K. and overseas.

Benefits are excellent and include housing and a company car. Northern Nigeria has a pleasant climate and offers good recreation facilities.

For detailed information and a personal history form please contact either Nigel V. Smith, A.C.A., or Peter Dawson quoting reference 2636.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Job Search OPPORTUNITIES

- 75% of Executive Appointments over £10,000 p.a. are unpublished and go to those with the best contacts.
- As Europe's most experienced Job Search organisation we can provide you with all the facilities you need to build up contacts and locate your next employer.
- Our expert career advisory service is essential to executives who become vulnerable to the current fast changing market conditions.
- Telephone us for a cost free assessment meeting.

Percy **COUTTS** & Co.
01-839 2271
140 Grand Buildings, Trafalgar Square, London WC2.

CIA
Director-Commercial & Trade Affairs

This is a new appointment arising from a restructuring of the Directorate following the retirement of the Deputy Director General.

The task, with responsibility to the Director General, is to provide techno-commercial, marketing, trade and operations support services to member companies and the industry, covering UK and overseas. Management of a specialist team as well as personal creative work in developing policies and programmes is involved.

Candidates, preferably under 50 and graduates, must have deep experience in the chemicals or allied industries including commercial/marketing management in international operations.

Salary (range £13,700 to £21,500 including bonus) negotiable up to £17,000 plus car, best pension and other benefits.

For further information and application form please telephone (01-629 1844 at any time) or write – in confidence – to G. V. Barker-Benfield ref. B.9114.

This appointment is open to men and women.

MSL — United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Overseas Accountants

KENYA **ZAMBIA**

We are advising a major British Group in the service industry whose worldwide reputation is synonymous with integrity and efficiency.
Continuous and profitable expansion and an unblemished record of ethical business dealings are due to the attention paid to the selection and development of staff.
Planned rotation and promotion now exceptionally dictates recruitment from outside the group to fill the following Chief Accountant posts.

KENYA **£8,500 neg.+benefits**

This post calls for a qualified Accountant probably aged 30+ who has a marked ability to control, motivate and develop subordinate staff. Commercial experience, computer familiarity and the self discipline necessary to produce reports to strict deadlines are important attributes, as are self reliance and integrity. Some previous overseas experience would also be a useful asset. A 3 year contract on a married or single status is envisaged. K908.

ZAMBIA **£15,000 neg.+benefits+25% terminal gratuity**

Located in a main population centre, scope and involvement are the keynotes of this appointment. As the senior financial executive, responsibilities will include every aspect of the company's financial operations and the supervision and training of local staff. The ability to negotiate at senior level, assess contract profitability and integrate with the local management team are necessary attributes for a qualified accountant who has maturity and man management ability. A 2 year renewable contract on a married or single status basis is proposed. Z903.

In both cases, FREE HOUSING, company car and negotiable allowances plus generous leave facilities provided.
Please apply to I.M.G. O'Hare, Mann Management, 124 New Bond Street, LONDON W1Y 9AE – 01-409 1371, quoting the appropriate reference.

MANN MANAGEMENT

Stockbroking

U.K. EQUITIES
to £10,000 + bonus

A high calibre individual 26-32, with research and/or sales exp to join general institutional desk of large firm offering partnership prospects.

TOBACCO ANALYST
to £8,000 + bonus

An exp. tobacco analyst to take over responsibility for sector and, possibly, breweries, with medium reputable firm.

OIL ANALYST
£8,000—£12,000

A graduate with at least 3 yrs. investment research exp. and good knowledge of Oil industry to work with salesmen/analyst and develop team in well-known firm.

EUROPEAN SALES
to £10,000 + bonus

Graduate with a good understanding of European equities to join team and sell to UK Institutions with top firm.

Banking

PROPERTY FINANCE
£10,000

A graduate with 3-4 years' exp. of secured property finance, gained within a reputable bank, for a leading UK Merchant Bank offering excellent prospects.

CREDIT ANALYSIS
c£8,000

Graduate with at least 2 yrs. exp. of American credit analysis techniques to join professional team in major U.S. Bank.

Stephens Selection
35 Dover Street, London W1X 3RA. 01-493 0617
Recruitment Consultants

Sales and Marketing Director- Consumer Products

This new appointment – to the main Board of Storey Brothers and Company Limited, a major Turner & Newall company – heads the Consumer Products Division which markets Storeys wallcoverings and other decor products directly and through UK and overseas selling subsidiaries. The Division's sales already exceed £20 million a year.

The new Director will be fully accountable for generating profits from a complex market, and for effectively co-ordinating 300 people in established sales, design, product and business development teams within or serving the Division.

Candidates should have proven sales and marketing management ability in fast moving consumer products, preferably with a high design content. Experience in the wallcoverings industry and international operations could be appropriate.

A salary well into five figures and a car will be offered. The other benefits fully match this level of appointment. Re-location assistance to Lancaster will be generous.

Please send full career details in confidence to:– **P. L. Stiles, Personnel Director, Storey Brothers and Company Limited, White Cross, Lancaster LA1 4XH.**

STOREYS LANCASTER — TURNER & NEWALL LIMITED

Laing & Cruickshank
ECONOMIST

Laing and Cruickshank requires an additional experienced economist to work in the gilt-edged department.

The duties include the preparation of reports on the economy and gilt-edged market and liaison with institutional clients. We are looking for a candidate with relevant experience in the City, government or economic research.

Please write in confidence to:

Mark Evans, Laing & Cruickshank, The Stock Exchange, EC2

International Marketing Director

Engineering **c. £20,000**

for a major British company whose high technology, coupled with enlightened management, have consistently made it the leader in its world markets with outstanding profitability. Sales, annually approaching £100m, are of discrete units, prices upwards of £100,000, or £multi-million contracts, direct to manufacturers or through subsidiary companies or agents around the world.

The Marketing Director will assume control of the existing sales organisation and will be expected to play a full corporate role with colleagues in the technical, production and financial functions in determining the strategy and product policy of the business. World travel will be necessary but should not exceed 20% of the director's time.

Candidates, aged around 40 should be engineers with good international marketing experience, preferably in the mechanical engineering field. Location London. Excellent prospects.

Please write, in strict confidence, giving brief details of age, *experience, qualifications and present earnings quoting Ref: 670/FT to:*

CB-Linnell Limited
8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM · LONDON

Chief Executive for the London Metal Exchange

This is an important new appointment in which the successful applicant will perform many of the duties now carried out by the *Chairman of the Board, to whom he will* be directly responsible.

The applicant should have administrative experience and have practice in public speaking. Fluency in French, German and/or Spanish an advantage.

Applicants should have held a position of responsibility in the metal trade, stock markets, terminal markets or similar institutions, preferably in the City of London. It is unlikely the successful applicant will be under the age of 40.

Applications giving full details of educational qualifications and business career, marked Private & Confidential, to be addressed to :–

The Chairman
The Metal Market & Exchange Co. Ltd.
1, Metal Exchange Buildings,
Whittington Avenue, London; EC3V 1LB

All applications will be treated in the strictest confidence.

Management Accountant

Unser Auftraggeber ist eine Europäische Chemiegruppe mit Tochtergesellschaften in UK, Spanien und Deutschland, wo sich auch der Hauptsitz der Gesellschaft befindet. Die Firma ist Hersteller von Chemischen Zwischenprodukten für die Kosmetik, Waschmittel und Chemisch-Technische Industrie. Sie wurde vor kurzem von einem Amerikanischen Chemieunternehmen übernommen, das die Firmengruppe in Europa, insbesondere auch in England, weiter ausbauen will. In diesem Zusammenhang wird für die Berichterstattung im Finanz und Rechnungswesen ein junger Bilanzbuchhalter gesucht, der nach möglichkeit Industrieerfahrung und auch Erfahrung im Management Accounting hat. Er koordiniert das Monatsberichtswesen der einzelnen Gesellschaften, konsolidiert und berichtet nach US-Accounting Principles. Bilanzsicherheit ist erforderlich sowie Fliessende Englische und Deutsche Sprachkenntnisse.
Interessierten bewerben, die Bereit sind, sich in Landschaftlich Reizvollem ort etwa 60 km Oestlich von Frankfurt anzusiedeln, werden Interessante Entwicklungsmöglichkeiten geboten.
Richten sie Ihre Bewerbung oder rufen sie Gerald Brown (an reference 6453).

Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

INTERNATIONAL FINANCIAL DIRECTOR
MAJOR ADVERTISING GROUP

London **c£15,000 + Car**

Important, new post in a respected, established, dynamic international advertising agency group, involving: Performance appraisal • Subsidiary result consolidation • Reporting systems.

Our Client: European Region of renowned, world-wide, advertising group, committed to growth and actively sustaining their leading position.

Annual billings over £300 million from strong European office network, with major national/international accounts.

Your Opportunity: To identify profitable opportunities • Improve reporting systems • Coordinate and contribute to budgets of region • Monitor and evaluate performance, identifying vital action necessary • Advise the Regional Chief Executive.

Your Background: Qualified accountant, experienced in: Overseas subsidiary consolidation • Continental accounting conventions • Reporting system development • Foreign exchange • Performance appraisal • Analyses and projections • Budget supervision.

Your Rewards: Generous basic salary + Incentive scheme + Car + BUPA + Life Assurance + Pension Scheme + Career with an industry leader.

ACT NOW! Telephone or Write, in confidence, to the Group's adviser, Tony Barker (Director) **on 01-388 2051** (or 01-388 2055, 24 hr Ansaphone). *Reference 347.*

This appointment is open to male/female candidates.

MERTON ASSOCIATES (CONSULTANTS) LIMITED,
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

General Management —Knitwear

Five-figure salary **Scotland**

This highly successful, medium-sized knitwear manufacturer employing over 400 in Central Scotland, seeks an experienced individual with high potential, who will assume immediate responsibility for a large part of the company. The person appointed will deputise for the Chief Executive and be able to succeed him in approximately five years. Candidates, male or female, aged 35—45, must have a demonstrable record of success in the knitwear industry. Although experience of manufacturing in particular is looked for, candidates must also have general management skills. Salary will not be a barrier in recruiting a high calibre individual and other benefits will be in line with first-class company practices. (PA Personnel Services Ref. GM45/7090/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 66 Hanover Street, Edinburgh EH2 1EL. Telephone: 031-225 4481. Telex: 72556

A member of PA International

CURRENTLY IN TAXATION SEEKING A CAREER MOVE?

CITY BASED — OIL INDUSTRY — C£9,500

Our client, a major international oil company, seeks a suitably qualified person to fill a vacancy in their Group Tax Department.

Applicants, who should be aged between 25–32, must have 1–2 years experience in corporate tax computation work. **Whilst the initial appointment will be as a Tax Computation Accountant there is scope to move into Taxation Management or into other areas not necessarily confined to taxation.**

Current salary levels together with a non-contributory scheme, subsidised lunches and excellent sport and social facilities, represent outstanding conditions of employment. Interested candidates should telephone Roger Tipple who will be pleased to contact you outside office hours should this be more suitable.

Michael Page Partnership

18/19 Sandland Street, Bedford Row, London W.C.1.
01-242 0965/8

Management Accounting Manager

c.£14,000 **age 26-32**

Exceptionally able accountants in their mid-twenties to early thirties will be attracted to this post for two main reasons.

First, it is a substantial management role with responsibility, through a staff of 30, for all manufacturing cost and brand profitability accounting on Pedigree Petfoods' multi-million operation. The Management Accounting Manager has his or her finger on the pulse of the company's commercial operations, and is in a strong position to recommend action on marketing strategy, materials utilisation, product formulation or any other factor affecting profitability.

Secondly, Pedigree Petfoods can offer exposure to a uniquely successful business environment based on highly efficient use of assets, continuous investment in new plant and technology, and the latest accounting techniques. The Management Accounting Manager can expect both to learn from these progressive monitoring and control practices, and to contribute to their further development.

Applicants should be well qualified accountants who have gained a good breadth of experience, either in industry where they will probably have been involved with more than one aspect of financial management, or possibly from the profession servicing large industrial clients. They will have demonstrable management skills and will have a particular talent for communicating outside their own discipline. Exposure to computer programming methods would be useful.

Salary will be around £14,000 and there is a wide range of benefits including non-contributory pension and life assistance with relocation to this attractive part of the East Midlands. Career prospects are excellent for the right person.

For more information please ring or write to: John Rickaby, Pedigree Petfoods, Melton Mowbray, Leicestershire LE13 1BB. Tel: Melton Mowbray (0664) 4141.

Pedigree Petfoods

Pedigree Chum, Whiskas, Kitekat, Pal

TEXTILE ANALYST

Our client, a leading firm of City Stockbrokers, wishes to fill a vacancy in the Research Department, which has a high reputation established over a long period of time. The post demands a full coverage of the textile sector in support of an institutional sales team.

The successful candidate will be a graduate or professionally qualified, and either an established investment analyst or currently employed by one of the major textile companies as an economist, marketing executive or corporate planner.

Applications will be forwarded direct to our client. Please indicate in a covering letter, any firms to whom you do not wish to apply.

Please send a comprehensive career résumé, including salary history, quoting ref. 1015, to W. L. Tait

Touche Ross & Co. Management Consultants

4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644

SALES EXECUTIVE REQUIRED

Worldwide Audio Visual and Entertainment Organisation.

Required to travel extensively. Essential that applicants be used to self-motivation and able to deal with prospective clients at senior level. Remuneration by negotiation but commission and bonus will establish basic salary approximately £12,000 in first year.

Applications to
PENNY WILLIAMS
6 Harwood Road, London SW6

INTERNATIONAL TREASURER AND BANKER

41, Swiss citizen, Belgian resident, university graduate, fluent English, French, German and Italian, 8 years' experience as treasurer at American company and 8 years' banking experience as loan officer is looking for challenging position. Willing to relocate.

Write Box F.1152, Financial Times, 10, Cannon Street, EC4P 4BY.

Manager - Information Services

South East, to £15,500 + car

A major multinational, well known for its advanced management techniques and DP systems, is looking for a manager to be responsible for further developing management information systems. The successful candidate will control a self contained cost centre of around 30 staff, including a finance and administration unit which serves all of the company's Information Services Department. Specific objectives are the planning, design, control and implementation of world wide and UK developed integrated information systems, while providing a continual systems review to senior management for efficiency and cost effectiveness. Applicants, probably 32-38, must have proven management ability in a systems development or management services function or financial control group. Experience in data base design and distributed systems is highly desirable. Prospects and benefits are excellent.

N.P.S. Lilley, Ref: 22159/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

Creative Accounting

Central London **c.£9,000**

An established British industrial group with home and overseas interests seeks a young qualified accountant (preferably a graduate) to join its small central team responsible for interpreting group information and advising on all financial aspects of its operations.

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Thursday October 18 1979

Unions and leadership

THIS WEEK there have been some encouraging signs that union leaders are prepared to exercise leadership. First, the executive of the Almagamated Union of Engineering Workers decided to appeal directly to its members at Chrysler's Stoke engine plant and urge them to return to work on the company's terms, despite the shop stewards' recommendation that they should stay out on strike. Second, the Confederation of Shipbuilding and Engineering Unions has decided to back Sir Michael Edwardes' plan for rationalising BL—a plan which has been totally rejected by senior shop stewards in the company.

Reputations

It is true that these two industrial situations are, to say the least of it, unusual. The management at Chrysler made it absolutely clear that they will not budge from their existing offer, while there is little reason to doubt the French owners' willingness to close down the UK operation if it becomes necessary to do so. As for BL, Sir Michael's message, reinforced by Ministers and by the NEB, that there is a real prospect of liquidating the company if the plan does not go through, seems to be getting across. Nevertheless, it requires some courage on the part of national union officials to go against the views of the shop stewards most directly concerned with the companies; the national officials are putting their own reputations, and that of their union, very much on the line.

There is no particular joy for management in seeing trade union officials at loggerheads with their own shop stewards, but the two episodes suggest at least the possibility of securing some union co-operation in carrying through the changes which are going to be needed in British industry over the next few years. These changes, of course, are the responsibility of management: the fact that they are necessary is due to past management failures, not to the shortcomings of the trade unions or their members. But unions can exert a strong negative influence on management's ability to modernise their businesses, even to the extent of forcing them into bankruptcy. It is surely not unreasonable to expect national full-time union officials to understand the commercial realities and to communicate their views to the membera.

The relationship between shop stewards and full-time union officials is often a delicate one. For most union members the shop steward is the union. He is the person who has the most intimate knowledge of shop-floor anxieties and of management attitudes and behaviour. In theory he should represent the interests of the union in the plant and convey the views of the employees to the union. In practice, because of the growth of plant-level bargaining, he may enjoy in the eyes of shop floor and management a degree of independence and authority which is far greater than that of the full-time official. The formation by senior shop stewards of unofficial company-wide "combine committees" can be an embarrassment to the union leadership because they represent a rival source of power. The existence of several competing power centres has been one of the factors which has complicated labour relations in BL.

Management often prefers to deal with the shop steward than with the full-time official because the former knows more about the problems and speaks with more authority on behalf of the employees. Yet if communications between management and employees are to be improved within the factory and, more especially, within a multiplant company like BL, the involvement both of shop stewards and of union officials is essential.

Discipline

The tradition of British unions is not one in which national officials can exert tight discipline over their members, as they do in the U.S. and some other countries. Authority is more de-centralised in the UK and there are some advantages in this. The balance of power between shop floor representatives and full-time officials varies from union to union and will continue to do so. But whatever the internal structure of their union, national leaders, looking at the problems of a company and an industry from a wider perspective, have a responsibility to form their own views and to argue their case with the shop stewards and, if necessary, directly with the shop floor.

A truce in the lamb trade war

THE CEASEFIRE in the battle over Britain's lamb trade with France agreed in Luxembourg this week illustrates bow sound practical considerations can still triumph over the distracting and destructive influences of jingoism, political posturing and tub-thumping so common in the Council of Ministers' debates. Britain won full support from the Commission and seven ministers for its demands that the French should recognise the European Court's recent ruling and stop obstructing lamb exports from the UK. The French also gained by winning a valuable two-week breathing space.

Production

All that is required now is that the trends of sheep production should follow their traditional pattern in the next fortnight, and with only a small measure of luck relative peace should be restored for a good six months at least. Given that amount of tima the Ministers should be able to settle finally on a Community regime for the sheep trade and put the recent squabbles behind them.

France finds it impossible to open its market to British lamb immediately because French market prices are already unusually low and an influx of imports would depress them even further and cause serious civil disruption. In the next few weeks, however, as lamb supplies fall in France prices can be expected to improve dramatically. At the same time the last of the autumn glut of British lamb will disappear, and there will be little available for export.

In these circumstances exports from the UK will not present any danger to the French producers until the new year crop of spring lambs is ready next summer.

At the Farm Ministers' meeting Britain's honour was satisfied by the backing from the rest of the Community on a vital matter of principle, while France was freed from the danger of severe political disruption and demonstrations among its vociferous and often violent farming population. It is to be hoped that a similar blend of common sense and political goodwill can be applied to the other major issues of contention threatening the equilibrium of the EEC: fishing policy and budget contributions.

Deliberately

The lamb issue was brought to a head by a court ruling, but the negotiations over fishing policy and the row over Britain's right to administer its 200-mile zone unilaterally are unlikely to be influenced by any similar judgment for a matter of months.

The Commission has deliberately set out to ensure that the court proceedings over fish will be as protracted as possible. The reason is that the Brussels executive, taking a creditably far-sighted view, recognises that fishing is of high political and economic significance within the Nine. Court rulings against Britain, while satisfying for legal purists, would undoubtedly do more harm than good to the delicate political negotiations.

So sensitive is this issue that it is expected to figure on the agenda at the forthcoming EEC "summit" in Dublin together with the British demands that budget imbalances must be corrected. No one can expect a straightforward trade off of fish for a cut in Britain's net contribution to the cost of running the Community. But there is little hope that other EEC members, particularly the French, will be willing fundamentally to change the budget mechanism—and that, after all, is what is required—without some concessions from Britain which controls 60 per cent of the Community's fish in its national waters.

Last resort

Mrs. Thatcher is wholly committed to righting the wrongs of the current budget mechanism, but she is not likely to gain much ground without making changes in the British approach to fishing policy. The alternative would appear to be for Britain to withold part of its Community dues, but since Mrs. Thatcher is also committed to breaking out of the era of confrontation which has held the Community back for so long, such dramatic steps would only be taken as a last resort.

Turkey: living with Ecevit's legacy of despair

BY DAVID TONGE

IT was a poisoned chalice that Mr. Bulent Ecevit took when he became Prime Minister of Turkey at the beginning of 1978. The economy was in tatters, political violence raging, the country's institutions tarnished and challenged.

Now he has finally succumbed. From being lord of the manor—however much that had been mortgaged by his predecessor—he has become a mere caretaker. And with him have withered the hopes of a generation that believed that Turkey had embarked on a moderate, reformist road to modernisation.

The prospects are bleak. Political uncertainty is likely to be protracted, causing anxious days for the West. The chancelleries of NATO, still smarting from development in Iran, are only too aware of the country's strategic importance and they depend on Ankara to remove two thorns from NATO's flank—the Cyprus dispute and the Turkish veto on Greek re-entry to the military wing of the alliance.

There are pressing worries for the world's banks who are immersed in the quagmire of Turkish debt. Industrialists in the West have found a major export market cut back. And for those most directly involved, Turkey's 45m people, the situation is grim.

Political violence is expected to mount; and already 100 people—politicians and judges, police chiefs and editors, professors, students and workers—are being slain each month. Growth in gross national product is not keeping up with the population increase. Consumer prices are rising at over 70 per cent annually and unemployment is around 20 per cent of the labour force.

All this and sectarian and minority problems make up a recipe for disaster. Yet there is no foreseeable easy political solution to the problems. It is not just a question of parliamentary arithmetic, though this is complex. The underlying difficulty is that Turkish society is now straining the seems of the country's political system—

Mr. Ecevit's failure is far more than personal. However flawed the legacy he inherited, he had a chance his inability to make the best of it represents the loss of an historical opportunity for a major country.

He came to power on a wave of popular expectation. In the previous decade he had revitalised the party of Kemal Ataturk, the general who led Turkey through its independence struggle and ruled it between the wars. Mr. Ecevit's creed mixed populism and "democratic leftism;" he preferred that phrase to the usual European description of his party as social democrat, a term which he considered had Marxist undertones.

In foreign policy he managed to have the U.S. arms embargo on Turkey lifted but Cyprus remains unresolved and the disputes with Greece over the Aegean are as acute as ever. His "new defence concept" has still to be defined but he was too independent for several members of NATO and military relations with the United States are still to be tied up. A new agreement covering the two dozen U.S. military installations on Turkish soil is not yet signed and Mr. Ecevit was less than co-operative over allowing U.S. reconnaissance flights over Turkey in order to monitor implementation of the new strategic arms treaty.

Last week the Palestine Liberation Organisation opened an office in Ankara but Mr. Ecevit has not been able to develop political relations with the Arab countries to the extent necessary to fuel Turkey's oil-thirsty and energy-short economy. He aimed at winning the support of the third world, yet has seen the non-aligned movement keep its flag pinned to the Greek Cypriots.

In many of these situations he has run into the same problems as his predecessors. But in the economic field he has done far better than they. He has presided over the largest debt rescheduling operation in financial history and has reached an agreement with the International Monetary Fund.

The first of these was a wretchedly complicated process. It was made the more difficult by the fact that when Mr. Ecevit took office no official knew exactly what debts Turkey had. However, in the past 20 months almost one-half of Turkey's $13bn debt has been rescheduled. Now only two items, third-party reimbursement claims of $250m and unguaranteed suppliers' credits totalling up to $2bn, remain to be tackled —though the latter is bound to be an intensely complicated process, involving the verification of 91,000 separate claims.

The complexity of the debts and, to some extent, the lack of calibre and experience of some of the men chosen by Mr. Ecevit to handle the economy, contributed to the delays encountered. But perhaps even more crucial were the disagreements within the country's administration about what economic policy should be followed.

On the one hand there were those who argued that Turkey must pursue its traditional policies of import substitution, high growth rates and a discouragement of foreign investment. On the other were those who insisted that the IMF's rules must be obeyed, growth cut down and the economy opened up to foreign capital, competition and tourism.

Throughout 1978 the first group, supported by Dr. Ecevit, won. A five-year plan advocating growth rising to 8 per cent was tabled. The government resisted IMF calls for a realistic exchange rate policy. Instead it argued that IMF recipes would lead to the end of democracy in a country of major strategic importance—and therefore that the recipe should be changed.

A first agreement with the IMF failed, promises of Western "emergency aid" made in Guadeloupe this January were slow to materialise, and the international banking community provided no fresh money.

At the end of May members of the Organisation for Economic Co-operation and Development finally pledged $906m worth of aid and in July a fresh stand-by agreement with the IMF, for $350m, was reached. The Government had belatedly accepted that it had no alternative but to meet the short-term requirements of the IMF—though is still heatedly arguing about medium-term policy with the OECD.

Through the autumn rescheduling the major categories of debt was agreed on and the banks signed an agreement for $407m of fresh money. But disbursement of this sum has only just begun, the funds arriving, like the OECD pledges, too late to revive the economy and thus Mr. Ecevit's fortunes.

The time he lost proved fatal. Electricity cuts and shortages of cooking fuels are regular occurrences in recent Turkey. But, under Mr. Ecevit, petrol shortages became acute, there was a dearth of pharmaceuticals, cooking fats, heating fuel, and light bulbs—let alone cigarettes and coffee.

He had promised an end of the black market. It appeared to flourish. And prices soared, many raised by the Government long after it had lost the goodwill which greeted it and would have protected it had it acted decisively in early 1978.

Key election promise

As telling was his failure to restore security. This had been one of his key 1977 election promises, yet the killing rate rose remorselessly. The teachers' training colleges are now relatively tranquil—in part because of the efficacy of Mr. Necdet Ugur, Minister of Education—but whole cities of Anatolia are rife for massacres such as that in Kahramanmaras last December. This led to over 100 deaths and 800 people are now on trial, with several local members of the Nationalist Action Party implicated Martial law is now in force in the main cities.

The NAP, a militant right-wing party, has found its followers so frequently named in murder trials that it has to be asked whether this is purely co-incidental. A military prosecutor has just called for its investigation and one civilian prosecutor has said the files on the party are taller than he.

In many ways his measures were firmer against the left, both non-militant and militant. The militant left has been involved in numerous killings, most recently of a candidate of Mr. Suleyman Demirel, leader of the Justice Party, the main opposition grouping.

Just as he has had difficulties with such major issues, so he has done little to carry through the structural reforms on which he had set his heart, including a vital reform of the tax system. He has systematically alienated many on the left whose support helped win him power while doing anything to keep the backing of those who sought a change in 1977.

In part his problems derive from the split in his cabinet between party members and the 11 conservative independents tempted mainly from the Justice Party and given cabinet posts. Partly it reflected the often poor quality of the men with whom he surrounded himself. And, in part, it reflected his weakness in parliament. His majority gradually slipped away so that by June it had disappeared. Mr. Ecevit only survived by having his party boycott Parliament and thus prevent a quorum being obtained.

The voters' judgement in Sunday's five by-elections for the General Assembly and electinns for one-tbird of the Senate was clear—a massive swing from Mr. Ecevit to Mr. Demirel and a small swing to the left-wing parties. The gains which Mr. Ecevit had patiently made in the past decade have disappeared during his 22 months in office.

The country is now more polarised than ever:

Important decisions have to be made in Turkey. Should it house Pershing and Cruise missiles? What will be the future of the U.S. bases? How will it handle Cyprus and the Aegean? There is the problem of how violence should be tackled. Then, with each fresh unemployed being a potential recruit for the militants, there is the problem of the economy.

An IMF team is due in Ankara in November to decide whether the second tranche of the IMF stand-by agreement should be released.

At this early stage of the agreement the number of hurdles to be overcome is fewer than will be the case next year. But the economy has to be handled carefully, a programme for 1980 has to be drawn up, and Turkey has to stick to its commitments under the rescheduling programme: these include reporting on the implementation of a programme to tackle suppliers' arrears.

Further ahead, agreement has to be reached on Turkey's medium-term planning, a decision made on whether to apply for full membership of the EEC (as Mr. Demirel favours) and the country to work out how it will meet its massive debt repayment obligations in the early 1980s.

Mr. Ecevit is now acting as caretaker prime minister, apparently having ruled out the possibility of forming a coalition with the erratic National Salvation Party.

The parliamentary alternatives to Mr. Ecevit would be either a coalition headed by Mr. Demirel, or one led by an independent having the support of the main parties. However, Mr. Demirel seems to believe that the chalise is still poisoned —and to know how strong would be the reactions to any exhuming of the Nationalist Front formula which he has twice before tried. This formula involves the NAP and the NSP and its bitter squabbles are largely responsible for the present state of Turkey.

Mr. Demirel is thus to play a waiting game, knowing that in the present mood of the country elections would give him a cast-iron parliamentary majority.

Those brave enough to predict more than a few months ahead see the return of Mr. Demirel to power—and hope that he will act less profligately in the economic field and more moderately in the political one than in his previous incarnations. But for this to happen parliament must agree to elections when the weather allows this in the spring—even though Mr. Ecevit's party and many members of the assembly fear elections and could, in theory, block them.

The economic crises of 1959 and 1969 were both followed by military interventions. That of 1979 has not yet done so and immediate prospects of the commanders sweeping parliament aside are remote.

They are an integral part of the decision-making process in Turkey and through the Presidency and the National Security Council are formally involved in the running of the country. Today they appear more likely to use this power to influence the timing of elections than to change the rules of the game. But the stakes are high and there are many voices—not least in the West — arguing that political power needs centralising if anyone is to tackle the confusion that Turkey is today. Should the violence mount, as is feared, and the politicians fail to form an administration the pressure from the military is bound to increase.

Mr. Bulent Ecevit (left), reduced to a caretaker role; Mr. Suleyman Demirel, biding his time.

TURKEY'S FOREIGN BALANCE

$m	1976	1977	1978	1979*
IMPORTS	5,129	5,796	4,599	5,000
of which: W Germany	946	945	812	
U.S.	438	503	281	
Italy	386	454	290	
UK	410	403	205	
EXPORTS	1,960	1,753	2,288	2,750
of which: W Germany	377	389	507	
U.S.	191	122	153	
Italy	172	163	175	
UK	138	94	114	
TRADE DEFICIT	−3,168	−4,043	−2,311	−2,250
INVISIBLES	853	646	890	735
of which:				
Interest on debt	−217	−320	−389	−795
Workers' remittances from abroad	983	982	983	1,100
CURRENT ACCOUNT DEFICIT	−2,301	−3,385	−1,419	−1,500
Debt repayments	−119	−214	−256	−790
OVERALL BALANCE ON CURRENT AND CAPITAL A/C	−1,776	−1,868	−386	na
Short-term capital inflow	666	1,934	486	na

* Programme

Sources: The Turkish Economy 1978, by the Turkish Industrialists and Businessmen's Association; and, for 1978 and 1979, Diplomat Newsletter, Ankara.

MEN AND MATTERS

Waiting for the iceman

A Frenchman who sees a fortune in icebergs arrives in London on Monday. He is Georges Mougin, managing director of the Saudi-based Iceberg Transport International, which plans to provide abundant water for dry regions of the world by towing icebergs from the Antarctic.

Mougin is coming across to discuss a conference to be held next April in Cambridge. The theme: "Iceberg Utilisation." Mougin's ITI has been funding research in Cambridge and elsewhere; it has also been holding talks with officials in Canberra, naming 1981 as the target date for moving an iceberg of about one cubic kilometre (small, as icebergs go) up to the Great Australian Bight.

The scheme is proving grist to the mills of newspaper humourists down under. Some view is as a lovely wheeze for cooling the Foster's Lager. But in drought-afflicted South Australia, iceberg water (which is pure and salt-free) could work an economic transformation.

Yesterday I talked to Dr. Charles Swithinbank, a senior scientist at the British Antarctic Survey in Cambridge, and a consultant to ITI. He agreed that—all other difficulties aside—it is going to be necessary to take out some insurance before towing icebergs into the shipping lanes; the Titanic is not forgotten.

Swithinbank also admits that although he has been tracking big icebergs by satellite, there is very little evidence about how quickly the smaller ones might crack up; he has been testing model icebergs of diverse shapes in tanks. I asked how the captive monster would be melted, when finally anchored off the Australian coast. "Probably by making a pond on the top of it, using an ocean thermal energy system. As the tip is melted, the iceberg will start to rise."

The Saudi interest is understandable: the Middle East has the world's most acute water problem. But before trying to tow icebergs across the equator, the Paris-based ITI has decided to make Australia a testing ground.

A report from Sydney says that iceberg water would be sold at one-twentieth of the cost of ordinary water; getting an iceberg into the right place might cost millions of pounds, but "profits will be measured in hundreds of millions." Swithinbank himself shows a proper academic caution. "I do believe such operations could be economic," he says. "After all, icebergs cost nothing at source."

"SLADE must have made the block."

Eating cake

Terry Duffy, genial president of the engineering workers, found himself the subject of a hero's welcome at the other IMF Conference last night—the annual gathering of the International Metalworkers Federation. The man who said after his election last year that long strikes were "bad for Britain" has achieved an unexpected new status since the AUEW's victory over the Engineering Employers Federation.

Telegrams of congratulation have flooded in from the U.S., Canada and all parts of Europe, where the union movement sees a 39-hour week as a crucial breakthrough. In Vienna more concrete appreciation was shown. At a reception in the Hilton Hotel, Duffy was presented with a giant Viennese Torte decorated with the figure 39, and to rub the point home further, 39 candles. IMF general secretary Hermann Rebhan, who dreamed up the idea, said: "The 39-hour week achieved in Britain is the major talking point at this week's conference."

It is something of an irony that during the course of the six-week-long engineering dispute the AEUW president made it clear that a 39-hour week was not his own top priority.

Easy riders

Across the Atlantic the automobile mystique defies all economic omens. Advertising pages in the latest issue of *Business Week* flaunt numerous new models which should satisfy the most full-blooded corporation executives. A double-page spread for the 1980 Ford LTD says the car "rides as quietly as a $65,000 Rolls-Royce." This assertion in the headline is reiterated in the text.

How does Rolls-Royce feel about such blatant "knocking copy?" A spokesman tells me: "We are just gratified that a Rolls-Royce is the car by which all others are judged. Ford made the same claim about 15 years ago and the independent consultants who investigated it actually finished up buying the Rolls used for the tests."

Golden silence

Moving steadily away from its origins in mail-order and into the stabler areas of direct retailing its home-assembly furniture, the MFI Group has seen its rocketing shares become a favourite topic of such small investors as are still left. Yesterday's £24m share placing marks a further move up the market by drawing in a broad range of institutional investors. The shares put on the market were held by one of the co-founders and the widow of the other.

Noel Lister, 51, a joint managing director, receives £11.3m for his 11.9 per cent stake and holds on to another 11.5 per cent. Mrs. Joan Searle, whose husband Donald died in a gliding accident in Cambridgesbire in 1976, has sold a 6.6 per cent stake for £6.3m and retains a similar proportion. Also sold was another 6.5 per cent, held by their family trusts.

For all her wealth, Mrs. Searle is not a flamboyant character. Now in her late 40s she lives in the Home Counties and has never been keen to be involved in the running of MFI. "She's a very private person," a company spokesman told me.

Talked out

The sitting of the Dutch parliament to discuss the 1980 Budget proposals was labelled by commentators as "uninspiring." Despite the government's slim majority the House accepted the major policy line, a process which took 19 hours, ending at 5 am. Several MPs retired through exhaustion and one crashed his car and wrote it off on the way home.

All this has so incensed the 150-strong Lower Chamber that its chairman, Dirk Dolman, is holding an inquiry into the "proper" length for sittings. Normally, Dutch parliamentarians sit three days a week, Tuesday to Thursdays, closing down well before midnight. They are reported to be quite unimpressed by details of the long hours put in at Westminster.

Observer

ECONOMIC VIEWPOINT

The oil in the doomsday machine

THE BRITISH economic establishment is at present going through one of its convulsive fits of despair. The ITEM Club, which processes business opinion through the Treasury economic model, is apparently expecting a 9 per cent fall in industrial output and a huge balance of payments deficit, and concludes, after trying various changes in assumptions, that tragedy is inevitable. Sir John Methven, trying to stiffen the spine of his CBI members in face of wage claims, warns them of "slow death" if they give way. Sir Geoffrey Howe has not wavered in his view that the prospect is "almost frighteningly bad."

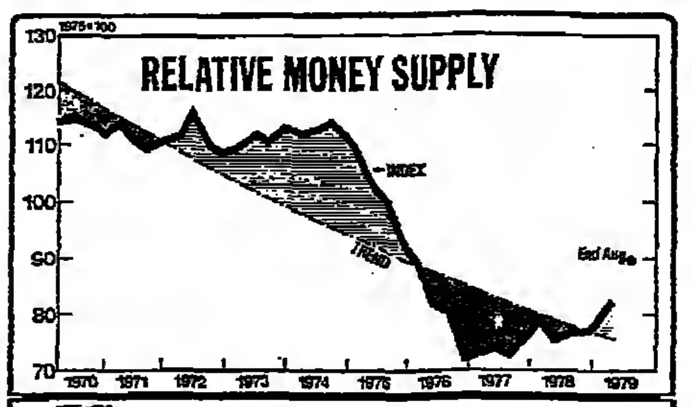
these warnings are stated in suspiciously emotional language. Sackcloth and ashes is not the most suitable working wear for a rational analyst or the rational businessman. On the contrary, despair is the enemy of sensible decisions, and could even in some circumstances cause the disasters which the more extreme forecasters foresee. The worse the prospect, the more important it is to try to understand it.

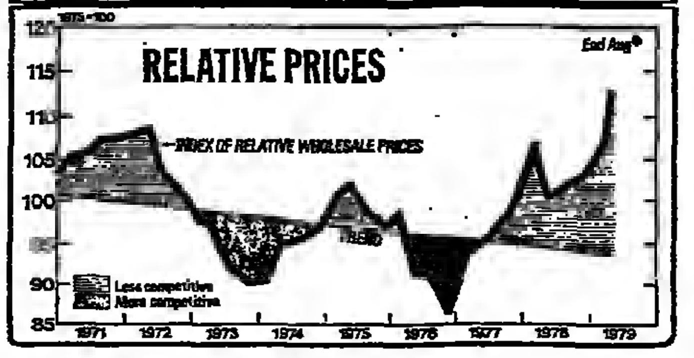
The immediate cause of the present gloom is clear enough: the present wage round seems to be getting off to a very disappointing start. Ministers who have always held it as an article of faith that firm monetary policy would frighten everyone into reasonable behaviour are still reluctant to believe the evidence of the current numbers. Those who do believe the numbers react irrationally because they do not know what to expect as a result of an irresistible force colliding with an immoveable monetary policy.

On the face of it this alarm is odd. Although the wage outlook is bad, it is nothing like as bad as the experience of the post-Heath explosion of 1974/75. We survived that, and we survived the subsequent sterling crisis once the growth of domestic credit was brought under control. The lesson appeared to be that an economy with a floating exchange rate and firm credit control could adjust, albeit painfully, to apparently disastrous internal events, on a path well this side of catastrophe. The experience, it might be thought, would have given us greater courage in face of a subsequent cost-push crisis.

This reminder is enough, I think, to show that the current wage round is only part of the story of our present trouble. The belief that this time it will be different, and much worse, rests on an assumption that is not spelled out: that this time, the exchange rate will not adjust to internal costs, and that competitiveness will therefore be lost for good. The chart of comparative wholesale prices since sterling was turned round in 1976 provides ample reason for this belief; the decay in our position is already truly alarming.

Sir John Methven: warning of a "slow death."





Paradox

However, there is a paradox here. There was no loss of competitiveness when wage cost inflation was at its worst—indeed, there was a temporary gain, because the exchange rate over-adjusted. But, since the relative price graph turned the loss has been rapid and continuous, little affected by the temporary success and subsequent collapse of wage restraint, by inflation coming down from the high 20s to 7 per cent, and then back up to 14, by the swing in the current account from deficit to surplus and back to deficit, or even by the wide swings in the rate of relative monetary growth—the explanation of exchange rate movements favoured by "international monetarists"—including, with heavy modification, the Governments' new chief economic adviser, Dr. Terry Burns. Something else was going on.

That something else is mercifully easy to identify. Two vast events have dominated the sterling market since 1976—the build-up of North Sea flows, and the enormous capital flows into sterling partly on this account. The North Sea contribution is familiar. The capital flows first lifted our reserves to some $25bn, and subsequently financed a current account deficit at a £4bn annual rate.

Capital flows are not like production flows: the big movements are basically portfolio readjustments, which stop once they are completed. The flow into sterling had three major causes, only one of which now persists. The first was the *collapse* of the dollar, and the second the prospect of North Sea flows, which have by now reached something of a plateau. Some pressure will no doubt persist because of continuing OPEC surpluses looking for diversified investment—maintaining rather than shifting the balance of assets.

Until this summer, the size of the net flows was further exaggerated by the survival of UK exchange controls, which did not allow UK investors to make any counterbalancing portfolio adjustments of their own, generating outward flows; the sharp relapse in sterling since July has been caused largely by such portfolio adjustments since the controls were liberalised. Fashionable despair about the UK economy is likely to generate further and fairly persistent diversification. The capital account, which only a fool would dare forecast with supposed precision, may now be in rough balance.

However, the fact that we now have a petro-currency, as the Prime Minister has put it, will remain a fact of life, and its influence on competitiveness will endure. The so-called "improvement" in the balance of payments due to the North Sea is an elusive concept, seen against an actual deterioration in the current account, but it is not impossible to pin down. Measured against our own past, we are shifting from a deficit on oil account of the order of £1bn in pre-OPEC, pre-North Sea days to the prospect of a surplus of about the same money order—say roughly a shift of £4bn in today's values.

If the balance of payments remains roughly in balance, taking one year with another, through this change, the improvement in the oil balance implies a corresponding deterioration in the non-oil account. This implies in turn that the exchange rate will tend to a value which produces this result—in other words, it will rise enough to *squeeze* the non-oil balance of payments by £4bn by pushing marginal exporters out of business, and helping marginal importers to improve their penetration of the UK market.

In short, our poor competitive performance "in spite of North Sea oil," a favourite topic for political homilies, is no such thing; our performance in manufacturing has been poor basically *because* of North Sea oil. It could only have been avoided by policies to ensure that the North Sea contribution appeared as a corresponding current account surplus—in short, as an opportunity to get back into our historic business of capital exporting, for the capital account, in a clean float, is the mirror image of the current account. As John Forsyth and Francesca Edwards point out in an important Chatham House pamphlet* published today, a policy aimed at such a result must be the foundation stone of any sane policy for sterling.

What in fact determines the current/capital account? The dismantling of exchange controls permitting capital exports is only a preliminary. The national balance with the outside world is determined not by controls, but simply by the balance between income and expenditure—in other words, State and private borrowing and saving. It is a product of fiscal and monetary policy, and the balance between them.

Now it is an unhappy fact that in the last year of Labour's rule and the first year of Conservative policy, we have seen the same combination of an excessive borrowing requirement offset by a tight monetary policy. The net result of such a combination, as Samuel Brittan has pointed out (reviving an analysis originally made by Robert Mundell) is to attract finance *from overseas*—in other words, high interest rates, capital inflows, and a weak current account which drains the borrowed funds out of the economy again. It also tends to drive the exchange rate up, as non-resident deposits attracted by high interest rates build up (and make it harder to check the expansion of bank credit); this again is consistent with a weak current account (and thus a still bigger deterioration in the non-oil account). Our present competitive performance is perhaps half due to North Sea oil, and half to mistaken fiscal management.

Here again, one can speak of a cause which may soon be a thing of the past; the present Government, though for reasons only dimly connected with this analysis, is now engaged in the most ferocious attempt to tighten fiscal policy yet seen. This should, after a very awkward turn, lead to a very sharp reduction of pressure in the credit markets, falling interest rates, and a *more responsive exchange rate*. Indeed, the probably unforseen danger of present policies is that the downward adjustment of sterling, once market pressures permit it, will initially tend to be overdone.

This does not mean, however, that in any but the shortest run, the exchange rate is likely to respond fully to excessive cost increases; the adjustment up to 1976 was only temporary, and no enduring relief can be expected simply from clean floating. Wage cost inflation has two effects which prevent a full adjustment: it raises interest rates by raising the demand for working capital, and it depresses activity, as the real money supply falls. Wage cost inflation in such circumstances is bad news; but it is not Doomsday.

What *I am suggesting*, in short, is that the extreme despair about the present outlook is the result of the oldest mistake in economic forecasting — mistaking temporary adjustments for long-term trends. This mistake has been reinforced by the fact that the discomforts resulting from rapid structural change — the rise of North Sea production — have been little discussed and remain little understood. The exchange rate should from now on come considerably nearer to reflecting the cost and monetary forces which seem to have been disconnected for the past two years (to the acute embarrassment of forecasters, including Dr. Burns). The Government's policies, possibly for the wrong reasons, seem appropriate—and future fiscal tightening will be relatively painless as North Sea tax revenue builds up in its turn. Persisting with a cleanish float, tight fiscal policy and monetary targets should produce an uncomfortable but survivable adjustment, as soundly managed markets do.

**A policy for Sterling*. RIIA, 10, St. James's Square, London SW1Y 4LE £2.50.

Anthony Harris

Letters to the Editor

Extend the car allowance

From Mr. A. Gerrard

Sir,—From all I have read it would appear that about 70 per cent of all new cars are bought by companies and I would suggest that another 20 per cent are bought for mainly business use by other firms and self-employed traders. This would leave around 10 per cent being bought exclusively for personal use.

If these assumptions are correct then the Inland Revenue is already giving capital allowances (tax depreciation) on 90 per cent of all new cars purchased. It is therefore suggested that, for a comparatively small cost to the Revenue, tax depreciation should be extended to all purchasers of new cars—but restricted to one car per person.

This suggestion has some important benefits to offer the taxpayer, the Revenue and the car industry.

It would materially reduce the advantage which presently exists between the user of a company car and the private motorist. As a direct consequence it would remove much of the emotion from the subject of the company car perk. The small loss to the Revenue could be offset against other impending tax changes. By encouraging the private motorist to buy new cars, and more frequently, it would give a boost to the car industry. It would reduce the amount of work presently borne by the Revenue in the taxation of the beneficiaries of the company car.

A. J. Gerrard.
279, Fenwick Road, Giffnock, Glasgow.

Language teaching

From the President, Institute of Sales Management

Sir,—An issue repeatedly coming to the fore in this institute is the disadvantage which so many British companies face when wishing to sell in Europe as a result of the limited number of qualified persons available with suitable linguistic capabilities. Many of our European, commercial and industrial, competitors have sales personnel who can, without difficulty, negotiate in at least three commercial languages, in particular English, French and German.

The increasing number of foreign language training courses now available for businessmen not only highlights the problem but, we suggest, also asks the question as to why British companies should be faced with such a dilemma.

Could the real crux of the problem be the shortage of qualified language teachers and, is sufficient being done to encourage young teachers to specialise and qualify in the linguistic field? Without qualified foreign language teaching in our schools and universities, the youth of today, to whom beckons an increasing number of careers in selling, will not be able to compete on an equal footing with their European counterparts.

It is felt that the issue is one which should be of paramount interest and importance to the relevant Ministry. All concerned and involved should be interested to learn what steps are in hand to provide schools and universities with the necessary language teachers.

K. Brauer,
Carron Company,
Falkirk, Scotland.

Whisky galore

From Mr. L. McClean

Sir,—As a potential benefactor from the end of the Common Purse policy between the UK and the Isle of Man may I beg you to call for a total banning and burning of all copies of Sir Walter Scott's Guy Mannering which describes in considerable detail why the Isle of Man shares with the British mainland common impositions on, for example, bottles of Scotch whisky.

I foresee great opportunities for small businesses exporting whisky by day in large ships via Ardrossan and re-importing by night in small boats at Kippford. If VAT is abolished on the Isle of Man this flow of prosperity could take in every beach along the whole length of the Solway Firth making the Northern Ireland border seem easily defensible by comparison.

The Isle of Man is less than a score of miles from the Solway and a return trip in less than an hour and a half practical. Just imagine the pressure on the M6 when the whole of Galloway once more becomes a Rum Row, a real duty-free shop with no passports required.

So here's to the success of the Isle of Man home rule cadre which would give Mrs. Thatcher's faith in the revival of small businesses a real shot of dynamite.

L. C. McClean.
Boundary Cottage, Barnbarroch, Dalbeattie, Scotland.

Butlers, Eton and the FT

From Mr. N. Page.

Sir,—I am beginning to get a little worried about the speed and efficiency of your newsgathering services. Your Tailpiece in "Men and Matters" (October 16) about the Etonian's essay, begins with the words "the other day . . ." I happen to know that this story was in circulation before I went to Eton and that was 18 years ago. I hope some of the items in today's paper are slightly less out-of-date. Incidentally, I expect you could count on the fingers of one hand the current Etonians whose fathers have butlers. Perhaps there were more when the story first came out.

N. L. T. Page,
35 Austin Friars, EC2.

Pattern bombing

From Mr. J. Turner

Sir,—I write very belatedly to draw attention to the astonishing review of "Bomber Command" by your distinguished critic, Lord Snow, in your issue of September 29. After an extremely dubious opening paragraph, he writes later on: ". . . They didn't give any attention to the fact that this faith in bombing was strictly an Anglo-American peculiarity. The military commanders in countries such as Germany and Russia didn't believe in strategic bombing for an instant, didn't build aircraft for the purpose, and designed bombs only as support artillery for ground troops."

If Lord Snow's statement is to be taken seriously, how does he explain the pattern bombing of London, Portsmouth, Coventry, Bristol, Liverpool and other towns? How does he explain the V1 and the V2?

There are many of us who have always been unhappy about the bombing of Dresden, and indeed, of a number of the strategic decisions which Sir Arthur Harris made. But if reckless and wholly unsubstantiated statements are to be made in your paper by somebody enjoying a considerable reputation, it can only cause quite unnecessary distress to those who took part in the operations of Bomber Command and survived, and to the relations of those who lost their lives, amounting to 56,000 men.

James F. Turner.
The Old Rectory, Wem, Shropshire.

The price of an MG

From Mr. J. Lubbock

Sir,—We are told that BL loses about £900, or £2,000, on each MG that it sells in the U.S. We are also told that the selling price has been raised from $6,000 to $7,200 this year but that losses still continue. But this is not surprising since the price rise is less than the loss. Has BL not considered raising the price to $10,000, at which level it might even hope to make a profit? After all, one would have thought that sports cars were in the luxury market, and that demand was relatively independent of price. The experiment might at least be tried.

I am not an MG owner, a businessman or an economist. But even to an art historian this seems an obvious question to ask.

Jules Lubbock,
University of Essex,
Department of Art,
Wivenhoe Park, Colchester.

Dalgety and Spillers

From Mr. R. Instone

Sir,—Now that the dust is settling on the Dalgety/Spillers battlefield, two general points may be worth making.

It is surely unacceptable that, after the public announcement of a non-cash bid, an associate of the bidder should be free to purchase at virtually the bid-equivalent price up to 15 per cent of the shares of the target company, with large shareholders being given special opportunities to sell. If the City panel tolerates such purchases only because it could not enforce a total prohibition, it should seek an appropriate amendment of the Licensed Dealers (Conduct of Business) Rules, so as to put legal teeth into the ban, and should require compliance with the prohibition on canvassing by telephone which the rules already contain.

What possible justification is there for both sides to spend large sums on advertising their contentions, which affect only the existing shareholders of the target company, while simultaneously circularising the same contentions by post?

One other point, peculiar to this battle, perhaps deserves a mention. What can be the state of mind of a board which supposes that its arguments will carry more weight with its own shareholders if they are attributed to a cartoon figure than if they are delivered "straight" by the directors themselves? It was this feature, more than anything else, which persuaded me as a trustee-shareholder of Spillers that its board was unworthy of support.

Ralph Instone,
7 New Square, Lincolns Inn, WC2.

Increases at the Bank

From Mr. R. Opie

Sir,—I have now finished reading the latest Quarterly Bulletin of the Bank of England. It is frightening stuff. In particular, I note the Bank's dire warning about excessive increases in personal earnings. Naturally, I shall do my very best to restrain my avarice.

I would respond even more earnestly, of course, if the Bank were to add example to mere admonition. Would some spokesman from the Bank like to inform your readers how small the latest round of top-level salary increases in the Bank has been?

Roger Opie.
New College, Oxford.

Farmers and capital taxation liabilities

From the Deputy Director, Economics Division, National Farmers' Union

Sir,—It saddens me that a fellow economist should make as many errors as Mr. Sutherland has in his recent letters on the abilities of farmers to meet capital taxation liabilities.

Mr. Sutherland has based his arguments (in his letters of October 5 and 13) on the increase in the average farmer's income "over the past decade" or "since 1969" as shown by the annual Farm Management Survey published by HMSO. It is wrong, however, to describe the Survey figures as showing the income of the average owner-occupier farmer, since the Survey is conducted on a tenanted farm basis with rent *being imputed on those farms* (or parts of farms) which are owner-occupied. It is universally acknowledged that farm rents are low in relation to the current market price of land (often 2 to 3 per cent). On the other hand, the tenant farmer's income comprises in essence three elements—a return on the farmer's own capital employed in the business, a payment for the manual labour of the farmer (and, where appropriate, his wife) and the reward for his managerial or entrepreneurial activity. Since much of the tenant farmer's capital (such as machinery and vehicles) declines in value over time, the return required if new capital is to be attracted or retained in the business must be very much higher than that on an appreciating asset like land.

Moreover, to use the FMS figures as an indicator of the movement of the real income of farmers over time is misleading since the data shows income inclusive of stock appreciation. Stock appreciation measures that part of the change in the value of stocks and work in progress *between the beginning and end of the year which is attributable to the change in the cost of inputs.*

It is therefore only a "paper" profit and, at times of rapid inflation, represents a considerable financing cost for farmers. Furthermore, stock appreciation has fluctuated considerably from year to year as the inflation of input costs hits the industry.

The latest FMS published *showed for 1977/78 an average income* — including stock appreciation—per full-time farmer of £10,001. The aggregate farm income statistics show stock appreciation to have been 25 per cent of income inclusive of stock appreciation in 1977 and 28 per cent in 1978. Thus if we deduct an appropriate allowance for stock appreciation we might arrive at an adjusted income per full-time farmer in England and Wales of some £7,500 in 1977/78. Out of this sum, farmers have to service their tenant-type assets—the value of which was conservatively estimated by the FMS to be £39,887 per full-time farm business. If all the tenant's capital had been borrowed from banks the average farmer would have faced an interest bill in 1977/78 of some £4,500 leaving around £3,000 for his manual labour and managerial efforts. Hardly a princely reward!

The true income situation in the agricultural industry can be seen from the aggregate data in the Annual Review White Paper (published by HMSO) which gives farming net income excluding stock appreciation. In current money terms over the past ten years—i.e. from 1968 to 1978 (the last year for which figures are available)—the industry's income rose from £448m to £1.2bn (a rise of 180 per cent). Over the same period the retail price index rose by 202 per cent. Thus the farming industry's profits in total fell by 7 per cent in real terms. The number of full-time farm businesses, however, fell over that 10 year period by about 17 per cent. Hence real income per full-time farm rose by about 12 per cent in ten years. A far *cry from Mr. Sutherland's six per cent per annum!*

It is certainly true that in the past existing farmers have bought most of the land coming onto the market (though the presence of financial institutions has hardly been a factor depressing land prices). Capital transfer tax however, has simply not been in existence long enough yet to have had any major impact upon the industry's financial resources. As the tax begins to bite, farmers with a CTT liability will be forced to sell at the very time when other farmers are following Mr. Sutherland's advice of channelling virtually all their spare income into insurance policies. *Who then will buy the land?*

It is this likelihood of fragmentation which causes the NFU great concern. What we should strive to avoid is the tax system becoming the principal determinant of farm business size.

John Malcolm,
NFU,
Agriculture House, Knightsbridge, S.W.1.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor, speaks at Lord Mayor's dinner to bankers and merchants of the City of London, Mansion House, 7.45 pm.

Mass meeting of strikers at Chrysler's Stoke plant.

Lord Trenchard, Industry Minister, addresses Economic Research Council dinner, Washington Hotel, London.

The Queen, accompanied by the Duke of Edinburgh, opens the new Lyric Theatre, Hammersmith, and attends a performance of Bernard Shaw's You Never Can Tell.

Overseas: Financial Times conference Brazil—*the Outlook for the 1980s*, continues in Rio de Janeiro.

OFFICIAL STATISTICS

UK banks' assets and liabilities and the money stock (mid-September). London dollar and sterling certificates of deposit (mid-September). Consumers' expenditure (third quarter—first preliminary estimate).

COMPANY RESULTS

Final dividends: Brooke Bond Liebig, Eleco Holdings, Prestwich Parker, Spencer Gears (Holdings). Interim dividends: Hawker Siddeley Group, Industrial and General Trust, Lee Cooper, UBM Group, United Engineering Industries.

COMPANY MEETINGS

British Electric Traction, Connaught Rooms, Great Queen Street, WC, 12.15. Deltight Industries, Aerodrome Hotel, Purley Way, Croydon, 11.30. Elbief Company, Prince of Wales Lane, Birmingham, 12.00. Jones Stroud, Albany Hotel, Nottingham, 12.00. Neepsend, Omega Restaurant, Brincliffe Hill, Sheffield, 12.15.

BHS tops £13m midway: sales improve to £161m

FROM sales of £160.96m against £133.68, an increase of 20.4 per cent, profits before tax of British Home Stores improved 26.7 per cent from £10.43m to £13.21m in the 24 weeks ended September 15, 1979.

The sales figures include, VAT. Exclusive of this charge, total sales increased by 17.3 per cent.

Merchandise sales increased from £97.46m to £123.09m, restaurant sales were £10.06m against £8.14m and food contributed £27.81m compared with £28.08m.

The directors point out that sales of food were achieved in the 54 remaining food departments compared with 79 at the beginning of the previous year, and current sales are higher than in the comparable period last year.

The interim dividend is lifted from 3.1p to 3.5p — last year's total was 7p from record pre-tax profits of £33.58m.

Profit in the 24 weeks is after interest of £169,000 (£22[illegible]). Tax charge is £5.94m against £3.4m.

In the second half of the year, new stores will open at Staines, Warrington, Milton Keynes, Clydebank, Perth and Kilmarnock, together with larger replacement units at Manchester and Kingston.

Following the successful opening of the experimental lighting and housewares shop at Brent Cross, a second is scheduled to open at Solihull.

The board says this expansion represents an investment of £24m in buildings and fittings and affords additional employment opportunities for 1,750 full and part-time workers.

HIGHLIGHTS

Lex looks at news of yesterday's share placings. Lazards has got rid of most of the **Dalgety** shares it got through the Spillers takeover, at a fairly hefty cost. Meantime founding families of fast growing **MFI** have sold roughly half their holding. Elsewhere on the retail scene **British Home Stores** reports pre-tax profits nearly 27 per cent higher with a 7 per cent volume increase coming through. Lex also looks at the results of three discount houses. **Smith St. Aubyn and Gerrard and National** both said that they pushed up profits but **Jessel Toynbee** made a loss after getting its position wrong over the Budget. On the inside pages comments are made on **T. C. Harrison, Marshalls Universal, Mettoy, Selincourt, Christopher Moran, Duport and Hunting Associated.** Other news of the day includes **Lonrho** bidding for **Dutton-Forshaw**, and **EMI** rejecting **Thorn's** terms if not the logic.

Erith goes ahead in first half

DESPITE BAD weather in the first two months of the year, Erith and Co., builders' merchant, increased pre-tax profits from £509,000 to £629,000 for the first half of 1979, on higher turnover of £13.07m against £11.96m.

Given a continuation of the current trading climate, the company looks forward to a record year. In 1978, profits reached £1.17m on £25.1m turnover.

Although overheads rose in the current year, net profit margins improved, reflecting the strength of the home improvements and small works sectors of the industry, which the company is better able to supply as a result of its branch development programme.

The cost of this programme, together with higher interest rates, resulted in bank interest charge up from £25,000 to £72,000.

The interim dividend is raised from 2.0158p to 2.5p net, which includes an additional amount payable following reduction in ACT rate—last year's final was 4.06753p.

After tax of £327,000 (£265,000) half-yearly net profits were up from £244,000 to £302,000.

Mixed fortunes at discount houses

THREE discount houses announced their interim figures yesterday—two of them, Smith St. Aubyn and Co. (Holdings) and Gerrard and National Discount Company reported higher profits and the third Jessel Toynbee and Co. a loss.

Midway profits of Gerrard and National, which included a 2 per cent rise in MLR, are higher than for the same period last year.

The profit from the recent sale of the company's holding in the Astley and Pearce Group has been credited directly to inner reserves.

Next April, when considering the dividend for the year as a whole, the board will take into account the removal of the dividend control. The interim for the half year to October 5 is lifted from 4p to 5p.

Smith St. Aubyn earnings for the half year to September 30 1979 were greater than those for same period last year, and the interim is being raised to 3.5p net (2.5p).

Jessel Toynbee's board state that, because of the unexpected rise in interest rates in June, the company made a loss in the first half of the current year. The interim dividend is raised to 1.75p net (0.875p) to reduce disparity and the board does not anticipate recommending a final of more than 2.875p.

Progress at Wholesale Fittings

At the annual meeting of Wholesale Fittings Company Mr. D. S. Rose, the chairman, reminded shareholders of his statement in the last annual report where he mentioned that turnover for the first three months of the current year showed an increase in both monetary and volume terms compared with the corresponding period last year.

He was pleased to report that this trend had continued for the first five months of the current year's trading.

Referring to the plans for the opening of further depots, the chairman said a contract to lease a new modern purpose built warehouse had recently been signed.

ASSOCIATES DEAL

D. J. Ewart, chairman of Ransome Hoffman Pollard, bought 16,500 Clifford and Snell shares at 40p.

Dividend boost at Sun Life

BY ERIC SHORT

Sun Life Assurance Society has taken advantage of the removal of dividend restraint by boosting its 1979 dividend. A final of 4.625p per 5p lifts the total to 6.5361p, compared with 3.4759p last time.

The directors in their 1978 report had affirmed their intention to raise payments substantially as soon as circumstances permitted. But it was generally expected that the Society would spread the increases over two or three years instead of making it in one jump.

During dividend restraint, Sun Life had little room to manoeuvre in making increases above the minimum allowed. Previously, the Society made a full distribution of the shareholders' profits. But these had built up to a substantial level—£3.23m was available in 1978, while the dividend cost £2m.

As usual, the Society has declared its annual dividend before the year-end and ahead of the actuary's valuation of life and pensions business and division of profits between policyholders and shareholders.

The cost of the current dividend is £3.76m, indicating that the Society is back to a full distribution policy. Life company profits for 1979 could not be expected to exceed £4m.

Mr. John Webster, the Assistant General Manager (investment), said yesterday that shareholders were entitled to a fair increase in dividend and the Society decided to get the dividend back to a level so that future increases would reflect the profit trend.

The share price rose 3p to 137p yesterday. This gives a gross yield of 7 per cent—comparable with the yields from other life companies.

Christopher Moran improves mid-term

TAXABLE profits of Christopher Moran Group, insurance broking and underwriting agency at Lloyd's, improved slightly in the six months to July 31, 1979 to £1.26m against £1.23m, and were well ahead of last year's second half figure of £505,000.

Turnover was up from £1.49m to £1.68m. Tax takes £653,000 this time, against £640,000, leaving £602,000 (£592,000) net profits.

The interim dividend is maintained at 1.1p — last year a final of 2.9p was paid.

Reporting at the end of last year, the Board said income for the current year was such that it was confident of the outcome for the full year, although because the major part of income is earned in U.S. dollars, depreciation would have a considerable adverse effect.

	Six months 1979 £000	1978 £000
Turnover	1,675	1,489
Profit before tax	1,255	1,232
Tax	653	640
Profit after tax	602	592
Minorities	1	5
Attributable	601	587

● comment

Christopher Moran has done well to show any increase in pre-tax profits at a time when insurance brokers are taking a battering from the effects of a strong pound. Currency movements may have affected performance to the tune of £200,000-£300,000 at the taxable level—about 80 per cent of Moran's business volumes are in dollar denominated transactions. Three-fifths of its business is represented by aviation reinsurance and this market has held up well relative to other areas of insurance. Premium rates have hardened in the wake of the DC10 catastrophe in the excess of loss reinsurance and this has helped the group. But there are several clouds on the horizon. There has been a sharp rise in expenses which have been swelled by the cost of extra auditors reports commissioned by the group. Moreover, the results of two inquiries, one by Lloyd's and the other by the Fraud Squad are still not known. At 36p the shares assuming pre-tax profits of £2.2m for the year, stand on prospective p/e of around 6—a discount to the sector which reflects the uncertainties.

Cambridge Water £2.5m issue

The Cambridge Water Company is bringing to the market its latest offer for sale of £2½m of 8 per cent redeemable preference stock 1984.

The offer is by way of tender with a minimum price of par payable as to £10 per cent. The stock is redeemable on October 31, 1984.

Tenders, which must be for a minimum of £100, should be received by October 24. The balance of £90 per cent is payable on or before November 8.

The first dividend for the period October 24 to December 31, and amounting to £1.195 per cent, will be paid on January 2 next year. Dividends will then be payable on July 1 and January 2.

Brokers to this issue are Seymour Pierce.

● comment

Seymour Pierce should not have much trouble in getting The Cambridge Water issue off the ground. Similar stocks are trading in the market at a point and a half premium, and thoughts are that this fairly small issue should be able to get away with a point over par assuming nothing dramatic happens in the gilt market between now and next Wednesday morning. At a point premium the grossed-up running yield comes out at 11.32 per cent (those able to take advantage of franked income are looking at 16¼ per cent) and the redemption yield equals 11.16 per cent.

IN BRIEF

BEJAM GROUP (food and domestic freezer retailer)—Results for July 1, 1979 year with prospects, reported October 10. Group fixed assets £13.15m (£12.51m), net current assets £0.82m (£3.06m). Working capital down £753,000 (up £451,000). The group is actively seeking a major new distribution depot, to cope with expansion of its existing freezer food sales, as well as new centres it intends opening. During the year 14 new freezer centres were opened. Meeting, Winchester House, EC, November 9, noon.

CITY OF OXFORD INVESTMENT TRUST—Income for six months to June 30, 1979, £147,382 (£126,559), before tax £46,428 (£43,987). Earnings per 25p share 2.47p (2.02p), net interim dividend 1.75p (1.25p). Net asset value 113.3p (97.3p).

KWAHU COMPANY—Results for year ended June 30, 1979, already known. Investments totalled £1.12m (£1.07m). Current assets £74,040 (£58,193). Current liabilities £199,235 (£173,937). Meeting, 25-35, City Road, EC, November 8, at noon.

SANDERSON MURRAY AND ELDER (Holdings)—Results for year to June 30, 1979, already reported. Fixed assets £772,059 (£599,054). Net current assets £1.02m (£1.27m). Meeting, Bradford, November 14 at 12.15 pm.

SIRDAR—Results for year to June 30, 1979, already reported. Fixed assets £7.64m (£5.85m). Net current assets £3.45m (£3.06m). Meeting, Wakefield, November 2 at noon.

UNITED STATES DEBENTURE CORPORATION—Special dividend 0.3p, payable December 12. This arises from payment of dividends received from certain companies following the removal of dividend restraint, in particular Shell Transport and Trading.

VIKING RESOURCES TRUST—Gross income, six months to September 30, 1979, £334,000 (£304,000). Net income £120,000 (£103,000) after tax £69,000 (£63,000). Earnings per share 1.2p (1.03p). Net asset value 178p (141p at March 31).

WHITWORTH ELECTRIC (HOLDINGS)—Results for March 31, 1979 year already known. Group fixed assets £641,839 (£560,390), net current assets £1.79m (£1.5m). Working capital increased by £327,503 (£171,722). Meeting, Paddington, W, November 5, 3 pm.

WINCHMORE INVESTMENT TRUST—Interim dividend 0.4p (same—total 3.11p) for 1979. Revenue before tax for six months to June 30, 1979, £23,127 (£21,689). Net asset value 50p (45p at December 31).

Mettoy profit more than halved at interim stage

ALTHOUGH OPERATING surplus of the Mettoy Company, toy manufacturer, was little changed at £1.59m, against £1.64m, exchange losses and higher interest charges meant that pre-tax profits dropped from £1.58m to £0.7m for the 36 weeks to September 8, 1979. Turnover rose by £2.42m to £22.5m.

Mr. Arthur Katz, the chairman, says the remaining 16 weeks of the year are of even greater importance than previously and every effort is being made to obtain the greatest possible benefit from the coming Christmas season.

Although orders and despatches in the period were well ahead, the strength of sterling badly affected the profitability of the company's export business. Higher interest rates and borrowing contributed roughly equally to an increase in interest charges from £205,000 to £530,000. Exchange losses were £360,000, compared with £149,000 gains last time.

Turnover continued to grow, but the chairman says the heavy added charges could not be recouped in higher prices, particularly overseas. He adds that the company, in line with other export orientated manufacturers, can only fight to regain profit margins by reducing costs and improving productivity.

The net interim dividend is lifted 14.7 per cent from 1.2p to 1.25p per 25p share—last year's total was 2.6p on record £3.64m taxable profits.

This year's interim profits included associates' contribution, but were subject to tax of £278,000 (£823,000) leaving the net surplus down from £760,000 to £425,000.

● comment

Mettoy is one of the stronger performers in the toy trade, but it is apparently not immune to the common problems of skyrocketing interest charges and the spectre of the strong pound. These difficulties depressed half-time pre-tax profits by 55.6 per cent, although the actual group profit before currency losses and interest costs is only marginally down. The big question mark must now concern the all-important Christmas season—a period which has already been shortened by the ITV strike and the lack of major television toy promotions. It is anybody's guess as to how severely Mettoy will be affected, but full year profits could be considerably lower than last year's £3.6m in pre-tax earnings, perhaps lower than £2m. The interim dividend is up 14.7 per cent and could yield 8.4 per cent at 32p, down 5p if the final is increased by the same amount.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Armour Trust	nil	—	Nil	0.1	Nil
BHS int	3.5	Jan. 2	3.1	—	7
City of Oxford Tst. int	1.75	Dec. 11	1.25	—	3.85
Duport int.	2.26	Dec. 14	2.08	—	5.06
Erith and Co. int.	2.5	Dec. 1	2.02	—	6.08
Gerrard National .. int.	5	Dec. 6	4	—	9.12
T. C. Harrison int.	0.92	Jan. 2	0.75*	—‡	2.44*
Hunting Assoc. 2nd. int.	1.5¶	Nov. 30	1*	—	2.39
Jessel, Toynbee int.	1.75††	Nov. 14	0.87	—§§	3.65
Kalamazoo	2.64	Dec. 6	1.24	3.75	2.16
Marshall's Univer. int.	3.5	—	2.91*	—	5.95*
Mettoy int.	1.25	Jan. 2	1.2	—	2.6
C. Moran int.	1.1	Feb. 7	1.1	—	4.0
W. L. Pawson int.	1.2‡	Nov. 30	0.6§	—	2.29§
C. H. Pearce	6.25	Jan. 7	2.49	7.69	3.78
Provident Life int.	4.6	Jan. 2	3.73*	—	8.75*
Ramar Textiles	0.53	Dec. 6	0.3	0.53	0.3
Scottish Heritable int.	1	Dec. 13	0.36*	—	0.92*
Selincourt int.	0.7	Nov. 30	0.5	—	1.36
Smith St. Aubyn int.	3.5	Nov. 30	2.5	—	5.55
Sun Life	4.63†	Dec. 31	1.76	6.54	3.48
Utd. Friendly Ins. int.	3	Dec. 5	1.75	—	5.55**
Westpool Invest. int.	2.4¶	Dec. 14	1.2	—	3.8
Winchmore Trust int.	0.4	Nov. 5	0.4	—	3.11

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Partly to reduce disparity. § For 63 weeks. ¶ Includes 1p special in respect of exceptional income from Shell and Unilever holdings. ‖ Final of not less than 2.03p forecast. ** Includes additional 0.163p now payable, 0.13356 for 1978/79. †† To reduce disparity. §§ Final of not more than 2.875p anticipated. ¶¶ Making 2.5p to date.

T. C. Harrison expands £0.5m to £2m in first six months

PRE-TAX profits of T. C. Harrison, Ford main dealer, expanded from £1.53m to £2.03m for the first half of 1979 and directors are confident of record results for the full year. Profit for the whole of 1978 rose to £3m.

Turnover for the six months, excluding car tax, VAT and inter-group sales reached £37.6m, compared with £30m.

The directors say the third quarter has produced good profits, which are on target, and that action taken in anticipation of the September slowdown in used car sales, resulted in an increase of unit sales against the same period last year.

While the agricultural division turned in a lower profit, directors say significant advances were made in the profitability of the three main operating divisions of cars, commercial vehicles and earth-moving equipment and there was a further improvement in hire purchase and leasing.

The net interim dividend is effectively raised to 0.92p (0.748p) per 25p share, and a final of not less than 2.03p is forecast—last year's adjusted final was 1.6895p.

Tax for the period took £1.05m (£795,000), leaving a net profit of £972,000 against £733,000.

● comment

It has been a good year for Ford dealers. Perrys recently announced interim profits up by almost a half and yesterday T. C. Harrison reported a rise of a third. Harrison would probably have come close to its competitor's performance but for a downturn in the agricultural division—which is now being arrested. Higher interest charges have clipped £100,000 off first-half profits and trading is likely to revert to a more modest pattern in the second six months but full-year profits of £3.8m still look well within reach. This would put the shares, at 77p, on a prospective p/e of 6.3, which is fairly undemanding given the recent growth record. A 20 per cent rise in the final dividend would give a yield of 5.5 per cent, but the group was covered four times on 1978 historic earnings and might be tempted to show more generosity this year.

W. Pawson upsurge to £0.3m

BOOSTED BY acquisitions, turnover of W. L. Pawson and Son, clothing manufacturer, rose from £1.78m to £4.63m and taxable profits advanced to £310,618 for the 26 weeks ended August 31, 1979, compared with £142,259 for the 36 weeks to August 31, 1978.

Results for the period include C. H. Bernard, shops and uniform manufacturing, and the Peggy French and Marida Hats operations, but exclude figures from Silhouette group which was acquired with effect from August 24.

The directors state that the recent acquisition of Lancashire and Cheshire Rubber Co. and G. R. Frankel will usefully contribute to second half profits.

They add that current trading and prospects are encouraging, and they look forward to a successful year.

For the 1978/79 63 weeks period a profit of £447,550 was achieved and directors said they planned to continue growth through acquisitions.

Earnings are shown as 4.01p (3.15p) per 5p share at August 31, and partly to reduce disparity, the net interim dividend is raised to 1.2p (0.6p for 36 weeks). The directors confirm their intentions of a total of not less than 3.15p for the year; final payment last time was 1.6914p.

Good progress was made in the continuing programme of modernising the manufacturing units, which directors are confident will show increasing financial returns over the next few years.

The retail side performed well during the six months, they add.

	26 wks. 1979 £	36 wks. 1978 £
Turnover	4,629,801	1,777,198
Profit	626,273	195,409
Depreciation	103,752	24,363
Interest	215,903	28,787
Profit before tax	310,618	142,259
Tax	63,600	20,712
Profit after tax	247,018	121,547
Extraord. debits	†59,265	59,152

† Redundancy costs £34,265 and £25,000 losses incurred as result of disruption to production during major factory reorganisation and re-equipment.

UK COMPANY NEWS

Duport rises to £4.1m and holds interim

A PROFITS advance is announced by Duport for the first half to July 31, 1979, but the group is pegging the interim dividend.

At midway the group lifted taxable profits from £3.24m to £4.14m on turnover down from £101.2m to £97.8m. Interest charges rose from £722,000 to £1.11m. Figures for Burman and Sons, which was sold in July, 1978, have been included in the results for the 1978 half-time figures.

The directors say the first-half figures demonstrate the progress that is continuing to be made in all sectors. In addition, improvements in operating efficiencies are being made at the new steel-making plant. But for the disruption caused by the engineering dispute, they would have been looking for further profits growth in the second half. Last year's profits totalled £5.8m.

Although only a small minority of employees were involved in the dispute the effects on the industry generally has seriously reduced profits in the steel and engineering sectors. The indications are that the patterns of demand will be distorted for some time.

Because it is not yet possible to assess the effect of the dispute, the question of a dividend increase has been left until the year-end.

After tax, SSAP 15 adjusted, of £572,000 (£856,000) the net profit is up from £2.38m to £3.57m. Stated basic earnings per 25p share are up from 5.7p to 8.45p, and fully diluted from 5.3p to 7.92p.

The net interim dividend is 2.12683p (2.03568p) and there is a supplementary payment of 0.13356p (0.04047p) for the ACT reduction. Last year's total payment was 5.05893p.

	Six months 1979 £000	1978 £000
Turnover*	97,800	101,228
Steel	56,457	53,453
Engineering†	17,500	26,089
Domestic products	24,137	22,263
Less inter-division sales	294	667
Profit on trading*	5,249	3,910
Steel	3,278	2,513
Engineering†	1,188	1,484
Domestic products	805	487
Interest charge	1,107	722
Dividends from trade investments	—	53
Profit before tax	4,142	3,241
Tax	572	858
Profit after tax	3,570	2,383
Dividends	984	894

* Since publication of interim results for six months to July 31, 1978, subsidiaries formerly classified as general have been reclassified under engineering and domestic products. Analyses of turnover and profit on trading for year ended January, 1979, stated on corresponding basis. † Burman and Sons was sold in July, 1978. Its results included in group results for six months ended July 31, 1978, and for year ended January 31, 1979, as follows: turnover £10.91m; profit on trading £592,000. ‡ Loss.

Trading profits of the steel side at halfway rose from £2.5m to £3.3m, and the domestic products sector staged a turn-round from a £87,000 loss to £805,000. But the profits of the engineering operations slipped from £1.48m to £1.17m.

The directors say the improvement in demand for engineering quality steels was maintained and order loads were more satisfactory. However, margins, particularly on overseas business, continued to be under pressure.

● comment

Duport should be on course for a recovery to 1977-78 profits level which indicates a fair measure of recovery from the downturn last year although it must be remembered that the group has made over £11m pre-tax for a year in the recent past. The half-time upturn stems principally from a 30 per cent improvement in the steel division, where the group is still cautious about overseas margins, and the beginnings of a worthwhile contribution from the consumer products division. The interim dividend is no more than maintained since there is a considerable degree of uncertainty as to immediate post-strike ordering patterns. On an historic basis, the yield at 69p is a reasonably attractive 10.7 per cent and, if £8m pre-tax is reached, the prospective p/e is 7.4. All of which looks broadly in line with estimates for Tube Investments. The dominant steel division will determine whether Duport can support a higher comparative rating and the benefits of the two new electric arc furnaces—which have been working as a pair for the last nine months—are not expected to come through fully for some time.

Marshall's Universal downturn half way

LOWER SALES and profits are reported by Marshall's Universal for the first half of 1979 but the directors say trading so far in the second six months shows an improvement and they are hopeful that some lost ground will be recovered.

Sales in the first half were down from £27.85m to £26.58m and pre-tax profits amounted to £1.41m against £2.04m in the same period last year.

The interim dividend is effectively raised from 2.908p to 3.5p and a further scrip issue—on a one-for-four basis—is proposed. At the same time shareholders are being asked to approve an increase in the authorised capital from £4.5m to £5.5m.

It is intended to maintain the final dividend for the year on increased capital. The final payment last year was 3.0411p when pre-tax profits were £4.02m.

	Six months 1979 £000	1978 £000
UK sales	16,991	[illegible]
Overseas	9,593	[illegible]
Total sales	26,584	[illegible]
Trading profit	1,948	[illegible]
Interest payable	528	192
Profit before tax	1,410	[illegible]
UK tax	293	[illegible]
OTR	134	[illegible]
Overseas tax	570	[illegible]
Net profit	795	1,051
Minorities	129	[illegible]
Avail. for shareholders	536	[illegible]
Ordinary dividend	211	[illegible]

The directors say UK trading was severely affected by a downturn in the motor division. At the same time, the removal of the main stores of the motor division parts distribution from Croydon to Gatwick involved considerable pre-planning and initial disruption.

The components division had an excellent first half, reflecting the greater demand by the "do it yourself" market, and further diversification of our manufactured product range.

The paper division traded well despite late completion of the new warehouse. Although this prevented the division from taking full advantage of conditions, the profit increase was gratifying.

The Kenyan companies were short of supplies throughout the period under review and the group now has approximately £4m owed to it by the Kenya Government in non-interest bearing import deposits.

Looking to 1980, the directors are confident that the resumption of normal trading relations with Kenya in addition to the reduced interest charges that would result, will be a major step towards the restoration of the group's growth.

○ comment

The 31 per cent fall in interim pre-tax profits at Marshall's Universal presages the end of a 10-year record of rising earnings. The imposition of import deposits in Kenya has had a severe impact on interest charges and the strength of sterling has taken its toll but, even without these two factors, trading profits are down. Components and paper are both doing well, so the damage has clearly been to the UK motor distribution. Marshall's ...

Ramar ahead to

Armour Trust 48% higher and dividend restored

AGAINST A forecast of not less than £345,000 made in April with the rights issue, pre-tax surplus of Armour Trust, financial holding company, rose by 48 per cent from £252,000 to £373,000 for the year ended April 30, 1979. First-half profits were up £63,000 at £217,000.

As foreshadowed, the company is returning to the dividend list after four years absence, with a net payment of 0.1p per share. Earnings improved from 2.1p to 2.4p per 10p share.

A special resolution will be proposed at the annual meeting for the reduction of the share premium account in order to eliminate the revenue deficit. This will enable the company to pay dividends which under proposed legislation it would not otherwise be able to do.

Turnover was ahead by £0.45m at £7.45m. Tax takes £10,000 (£1,000) and after minorities and extraordinary credits, attributable profits advanced from £306,000 to £382,000.

The board's objective remains the consolidation of the recovery seen so far—in the 1974-75 year the company incurred £749,000 losses. It is actively looking at acquisitions where experience gained over the last few years can be put to profitable use.

Group borrowing ratios have been reduced to more acceptable levels following the rights issue.

Carter Penguin Group again achieved record profits during the year. The VAT increase has adversely affected demand, but a modest profits rise is anticipated this year.

Telesure maintained the previous year's strong recovery. It recently concluded an agreement with Distributors Finance Company, which has made available facilities totalling £1.25m to enable it to expand further its colour television rental business.

	1978-79 £000	1977-78 £000
Turnover	7,450	6,996
Profit before tax	373	252
Taxation	10	1
Net profit	363	251
To minorities	5	4
Extraord. credits	24	59
Attributable	382	306
Dividend	15	—
Retained	367	306

Changing pattern at PLL

A 6 per cent advance in annual premiums from £1.57m to £1.67m, life business, is reported by Provident Life Association of London for the nine months to September 30, 1979.

But the number of new policies issued during the period, at 9,361, was 24 per cent lower than the corresponding period last year, while new sums assured, at £100m, were 22 per cent lower.

This reflects the changing pattern of business, with whole life and term assurance business being replaced by endowment assurances. The proportion of annual premiums derived from with-profit business stayed unchanged at 63 per cent.

Pension and annuity business has declined substantially this year now the new State pension scheme is operational. New annual premiums have been virtually halved to £488,000, while new single premiums fell one-third to £330,000. The 1978 figures were abnormally high because of the changes made to pension schemes to bring them in line with the requirements of the State scheme.

The general insurance results over the period from the company's subsidiaries, United Standard Insurance and Vigilant Assurance, show pre-tax profits trebled at £180,000 against £60,000. Underwriting losses have been reduced from £183,000 to £144,000, despite the severe weather in the first quarter.

Investment income improved 24 per cent to £314,000. Premium income from general insurance business fell slightly from £3.4m to £3.25m, reflecting the effects of the corrective action taken with stringent rating decisions.

The net interim dividend of Provident Life is effectively raised from 3.7273p to 4.6p—last year's final was 5.02p.

Hunting Assocd. little changed at six months

WITH ASSOCIATES' contributions reduced from £240,000 to £98,000, taxable profits of Hunting Associated Industries were little changed at £2.52m for the first half of 1979, against £2.5m last time. Turnover improved from £46.28m to £53.64m.

Profits for the year are expected to show a modest improvement on the record £5.9m for 1978.

The Board considers the subsidiaries half-yearly results satisfactory, but adds that associates' were affected by losses incurred in restructuring the newly acquired Channel Islands based aviation companies.

The group is engaged in aviation support, engineering, resource surveys and photography.

Earnings per 25p share, before extraordinary items, are shown as 14.63p (14.6p) basic, and 10.88p (10.95p) diluted. A second interim of 1.3p makes 2.5p to date on increased capital, compared with an equivalent 1p interim last year—the 1978 final was 1.39p.

Tax charge on a SSAP 15 basis, is again £650,000. Had full provision for deferred tax been made, the figure would have increased by £292,000 (£407,000). After minorities and an extraordinary £1.59m credit last time, attributable profits were well down from £3.36m to £1.78m.

● **comment**

Hunting Associated, in sharp contrast to its performance in 1978, is looking for no more than a modest upturn this year. Interim trading profits climbed by just 7 per cent and associated income has been affected by the unquantified losses in restructuring the recently acquired Channel Islands aviation companies. The impact of Canadian and South African currency movements has obviously blighted the contribution from the wholly owned subsidiaries but the effects will probably be less pronounced in the second half and the Channel Islands deficit is said to have been contained. That suggests a level of support which the shares, on a fully taxed and diluted historic p/e of 14.2 at 250p are possibly beginning to need.

Expansion forecast by AGB

AN INCREASE in the first half, and record profits for the full year, are forecast by AGB Research, Mr. Bernard Audley, the chairman, told members at the annual meeting.

He said the group was poised to make a number of acquisitions during the first months of the second half of 1979-80, which were expected to make "an immediate contribution to our profits."

The group turned in record profits of £2.2m (£1.4m) for the year ended April 30, 1979.

Looking to the first six months of the 1980 calendar year, Mr. Audley said the directors "see prospects of further exciting expansion."

C. Pearce hoists dividend

A PROFITS advance and a more than doubled dividend is announced by C. H. Pearce and Sons, the builder and contractor for the year ended May 31, 1979. And the directors are looking for a further profits increase this year.

On turnover ahead from £11m to £14.8m the taxable surplus rose from £813,000 to £1.1m. The total net dividend is lifted to 7.695p to 3.7543p with a final of 6.25p.

Stated earnings per 25p share jumped from 33.67p to 134.7 after a tax credit of £598,000, against a £388,000 charge. The tax credit is mainly due to stock relief.

There is an extraordinary credit this time of £26,000 which takes the surplus to £1.72m, compared with £424,000. The dividends absorb £97,000 (£43,000).

At mid-way taxable profits rose from £398,000 to £474,000.

BIDS AND DEALS

Lonrho's £23m for Dutton

Lonrho has continued a run of bids and deals with an agreed £22.8m offer for Dutton-Forshaw, the BL and Rolls-Royce distributor.

Lonrho is offering 85p in cash per share or 86p nominal of 10 per cent loan stock which holders can redeem at par on any interest payment rate. The directors intend to accept in respect of their 6.3 per cent holding.

Industrial and Commercial Finance Corporation with 18.1 per cent has stated no such intention but has advised the Dutton Forshaw directors who are recommending the offer.

Dutton-Forshaw shares rose only 3½p to 80p on their return from suspension yesterday because the shares had already risen after the company's announcement two weeks ago that talks were in progress.

Lonrho denied at that time that it had made an approach but yesterday both Dutton and ICFC said that the talks had been with Lonrho.

There has been another unnamed company seriously interested in buying Dutton, but only Lonrho has come up with a firm offer.

The directors say they consider it fair and reasonable although, on the basis of property revaluations and retained unaudited profits, they estimate that the net tangible assets of the company are £29m—£6.2m above the offer price.

Lonrho said yesterday that it wants Dutton because it is a good UK business with good management and in a sphere which Lonrho understands. Lonrho already distributes Volkswagen and Audi/NSU cars in England and Ford, Volkswagen, Scania, Yamaha, BL, Massey Ferguson, Toyota, Fiat and other makes of cars, trucks and agricultural machinery in various parts of Africa.

It also has a distribution operation in Belgium. The purchase of the Volkswagen distributorship has been one of Lonrho's most successful buys.

Dutton-Forshaw will not be integrated with the Volkswagen distributorship said Lonrho. It was not Lonrho's policy to interfere where it had a high regard for the management, it added, and no major changes should be expected.

Mr. Ronald Hockin, chairman of Dutton, said yesterday that the BL dealerships would be continued and that he was very encouraged by recent developments at BL. But Dutton was constantly on the look-out for new dealerships where they did not infringe BL's rule prohibiting distributors to sell rival cars within a radius of 20 miles.

Dutton has started distributing for Ford and Chrysler in a small way and has had talks with other manufacturers. It would not be practical to change over the majority of its dealerships to Volkswagen or Renault, he said, because the market penetration of these makes was not deep enough.

MIDLAND BANK-STANDARD

Midland Bank is unlikely to retain its remaining 4.3 per cent stake in Standard Chartered Bank for very long.

Mr. Dennis Gladwell, Midland's general manager-finance, said yesterday that Midland did not plan a disposal for the next two or three months, or possibly longer. "We shall be holding it for the time being," he said.

On Tuesday, Midland's brokers, Cazenove, successfully placed 10m of the 13.7m shares which had made up Midland's long-standing 16 per cent stake in Standard Chartered.

Cazenove was unable to find huyers for the balance of the stock at Midland's selling price of 470p a sbare.

KCA IN HONG KONG

KCA International, the oil servicing and contracting group, is to start operations in Hong Kong through its joint venture company KCA (Far East).

The other partner in the 50-50 joint venture is Ashford Investments, a wbolly owned subsidiary of tha C. Y. Tung Group of companies. The Tung family bold about 1 per cent of KCA's shares.

The new joint venture company will offer drilling, engineering and drilling fluid services to oil companies operating in South East Asa. The joint venture is currently operating in SE Asia for the supply of drilling fluids to operators out of its base in Singapore.

WINCHESTER LONDON TRUST

Mr. J. Gardner and Mr. M. Fisher are making an agreed offer for Winchester Londnn Trust of 3.25p casb per share, valuing the trust at £90,139. Irrevocable under-takings to accept bave been given for 1,427,801 shares (51.5 per cent).

ASSOC. BISCUITS DAWNAY DAY

Associated Biscuit Manufacturers has agreed with Dawnay Day Industries the purchase of the sbare capital of Dawnay's biscuit-making subsidiary, Chiltonian. Dawnay is retaining the freehold of Chiltonian's factory and other properties.

ABM, in addition to taking responsibility for closure costs, is paying £200,000 for the share capital, witb a possible additional payment dependent upon the extent of certain costs.

It intends to absorb Chiltonian into its biscuit division.

SHARE STAKES

Eva Industries — Scottish American Investment has acquired 22,000 shares making bolding 522,000 shares (5.578 per cent).

Tyneside Investment Trust—London and Manchester Assurance has acquired 5,000 5 per cent preference shares making holding 43,000 shares (5.375 per cent).

Willis Faber—J. O. Prentice, director, on October 11 sold 25,000 shares at 232½p.

Eurotherm International — T. L. Martin has disposed of 40,000 shares leaving holding 1,543,011 shares (13.51 per cent).

Parker Timber Group—Mrs. M. Thorn has sold 10,000 shares; A. M. Thorn has sold 5,000 shares and Mrs. Thorn holds less than 5 per cent.

Cronch Group — Temple Bar Investment Trust has disposed of 35,000 shares leaving bolding 195,000 shares (4.875 per cent).

Brown and Tawse—Following his appointment as a trustee, J. P. Kyd has increased his interest from 626,367 to 751,635 shares (7.4 per cent).

Pilkington Brothers — A. C. Pilkington, director, has disposed of 30,000 shares non-beneficial leaving total disclosable interest 6,465,623 shares (5.19 per cent).

Estates Property Investment—Following recent rights issue, Royal Insurance is interested in 1,525,102 shares (8.25 per cent).

Wight Holdings — Thornwood Investments has acquired 15,000 shares making bolding 210,501 shares (9.65 per cent).

B. Paradise—R. and J. Pullman owns 362,500 sbares (29 per cent).

LASER TRANSPORT ACQUISITION

Laser Transport International, part of the Tozer Kemsley and Millbourn group, has acquired from Gottardo Ruffoni s.p.a., the Italian freight forwarders, its UK subsidiary, GR Line (UK), which has a nil asset value, for a nominal consideration.

In conjunction with Gottardo Ruffoni, Laser will operate 250 Gottardo Ruffoni containers carrying out upwards of 300 container movements a month, through Felixstowe and Harwich, and Milan, Turin and Naples in Italy.

Mr. John Smith, Laser's chairman and managing director, and Mr. Mike Haley, a Laser director, will join the board of GR Line (UK) as well as Dr. V. Fiumalbi, vice-direttore generale of Gottardo Ruffoni.

TOR INVESTMENT TRUST—Results for year to July 31, 1979, already known. Investments at book values listed in UK £4.76m (£4.46m), elsewhere £2.4m (£2.11m), unlisted £67,351 (£92,516). Valuation of listed securities at middle market prices £9.3m (£9.39m). Directors hope to increase dividend again next year. Meeting, Swansea, November 8, at 10.15 am.

Ruberoid shuts 'unprofitable' felt mill

RUBEROID, the group whose interests include building products, specialist sub-contracting, paper and plastics, is closing its unprofitable felt mill at Brimsdown, Middlesex.

The felt operation has not been profitable for some years, according to Mr. Thomas Kenny, chairman, in a statement made in April. "We must convince the market to take more modern materials, such as glass tissue, as has been the clear trend on the Continent over more than a decade."

About 50 people are employed in the felt mill, not all of whom will be made redundant. Mr. John Roberts, group managing director, said there would be some natural wastage of staff, but Ruberoid has invested in modern technology to produce glass tissue as a replacement for felt.

The company said the rights of employees and the interests of customers have been positively considered. "The shop floor space set free following the closure will be utilised for Ruberoid's other activities.

"Ruberoid has contractually agreed to obtain felt from alternative sources so that customers seeking felt-based products will continue to be supplied."

MINING NEWS

Winkelhaak's quarterly profits jump 39%

BY KENNETH MARSTON, MINING EDITOR

THE FEATURE of the September quarter net profits announced by the South African gold producers in the Union Corporation group is provided by Winkelhaak with an advance of 39 per cent to R10.1m (£5.7m).

This makes a total net profit for the financial year of R30m against R20m in 1977-78. As already announced, the mine has lifted its dividend total for 1978-1979 to 205 cents (115p) from 129 cents.

Gold price received Union Corporation group—	Qtr. to Sept. 30	Qtr. to June 30
Bracken	$322	$265
Grootvlei	$322	$264
Kinross	$320	$266
Leslie	$320	$262
Marievale	$320	$261
St. Helena	$304	$266
Winkelhaak	$315	$260

The other mines in the group have also lifted earnings in the past quarter as a result of an increase of about 20 per cent in the gold prices received. Payable ore reserves have been increased as a result of the rise in bullion prices.

The latest ore reserves of Winkelhaak and St. Helena have been recalculated on the basis of a gold price of $200 per ounce while those of the other mines bave been worked out on the basia of a less conservative figure of $280.

Official production started at the beginning of this month at the Unisel gold mine and gold recovery has been adversely affected by metallurgical problems associated with an intrusive sill. But the problem is expected to be only a limited one. The mine's first operating results will be published in the next quarterly report.

The group's quarterly net profits are ahown helow.

	Sept. qtr. R000	June qtr. R000	March qtr. R000
Bracken	2,455	1,898	1,834
Grootvlei	3,180	2,604	2,061
Kinross	5,309	4,034	3,847
Leslie	1,884	1,245	1,148
Marievale	816	971	636
St. Helena	9,755	7,845	7,895
Winkelhaak	10,139	7,285	6,462

The average gold prices received during a quarter by individual minea vary in line witb the timing of sales. In the case of the gold producers in the General Mining group, prices received for the past quarter are below the general average, as the following tabla sbows.

General Mining group—	Qtr. to Sept. 30	Qtr. to June 30
Buffels.	$306	$256
Stilfontein	$304	$256
West Rand	$300	$258

Net profits of Stilfontein make a good showing and gold production has been helped by increased mining in the higher grade HB20 area.

On the other hand the very marginal—as far as gold is concerned—West Rand Consolidated has suffered a fall in the already low recovery grade to 2.97 grammes per tonne of ore. The resultant decrease in gold output has offset the benefits of higher gold prices.

Buffelsfontein achieved a good increase in profits at pre-tax level, but a sharp increase in tax payable has resulted in net profits being little changed on those of the previous quarter.

	Sept. qtr. R000	June qtr. R000	March qtr. R000
Buffelsfontein	13,764	13,712	12,781
Stilfontein	5,707	4,278	4,751
W. Rand Cons.	*†486	*†448	*†502

* Loss. † After receipt of State aid.

MALAYSIAN MINES HIT BY NEW POWER CHARGES

A new range of electricity tariffs is likely to add between 6 and 10 per cent to tin dredging costs, Mr. Abdul Rahim Aki, president of the Chamber of Mines and chief executive of Malaysia Mining Corporation, said in Kuala Lumpur yesterday.

Dredging property power bills will rise by up to 20 per cent and open cast mining power charges will rise by more than 27 per cent, be noted. Hitherto, power charges have accounted for about 30 per cent of the total operating costs of a mine.

On the basis that suppliers of goods and services to the mines will pass on the effects of higher electricity charges, Mr. Aki said "the mining industry will have to bear the full brunt of these cost increases, which is likely to render the marginal mines uneconomic and which would invariably result in their closure."

Once the full effects of the new tariffs are known—when the mines have received their October power bills—the Chamber will make official submissions, he added.

Harmony hit by higher tax charge

AN UNWELCOME surprise in the Rand Mines group's September gold quarterly reports is the slight fall in net profits to R17.7m (£9.9m) announced by the gold and uranium-producing Harmony.

Although the increased gold output and bullion prices obtained lifted working profits for the period by 63 per cent to R36.3m, the tax charge was more than quadrupled. This resulted largely from the very low level of offsetting capital incurred expenditure during the period.

However, capital spending is expected to rise again in the rest of the financial year to June 30 and there will be a resultant falling off in the tax charge.

Otherwise, Blyvoor has done well despite higher tax and, of the marginal mines, East Rand Proprietary has achieved a striking advance in earnings and has repaid some of the State aid which is not applicable at the current level of profits. Durban Deep has also left the assisted category.

	Sept. qtr. R000	June qtr. R000	Mar. qtr. R000
Blyvoor	12,979	11,439	10,813
Durban Deep	2,086	†1,605	†1,521
E. Rand Pty.	4,098	†1,556	†1,112
Harmony	17,699	17,763	15,723

† After receipt of State aid.

E. TRANSWAAL

E TANSVAAL'S PROSPECTING

South Africa's Eastern Transvaal Consolidated is examining a low grade gold occurrence to the east of Barberton on claims which bave been held for some years. Prospecting has also started on a small chrome prospect in Zululand.

Announcing this at the annual meeting yesterday the chairman, Mr. J. M. Meyer, said thta not enough work has been done so far on the chrome venture to assess its potential but the geological nature of the area "militates against this being a large deposit."

Barker & Dobson sees midway slump

INTERIM PROFITS of Barker and Dobson, the newsagent and confectionery group, are likely to show a considerable reduction in the current year, compared with the £374,000 achieved in the comparable period to October 14, 1978.

In an announcement yesterday the company said that interim figures are expected to be revealed on or about December 11.

Trading for the first six months has been affected by a reduction in demand for confectionery products following the VAT increase but also "and more detrimentally" the ITV strike "on the uptake by the trade of the company's medicated prodncts, Hacks and Victory V, which cootribute significantly to the profit of the confectionery division."

Barker and Dobson said that a rearrangement of the group's advertising and selling programmes had been necessary "and present indications ara that the results for the year as a whole will be satisfactory in spite of a poor start and the difficult trading conditions in the industry."

It also reported that a capital reduction, approved by shareholders, is likely to receive confirmation by the court later than anticipated. Dealinga on the Stock Exchange in the new ordinary shares will commence probably on November 5 and not October 29, as previously indicated.

Good order books at Campari

The current order books of all subsidiaries of Campari International are good, clearly indicating acceptance of present-day high retail prices, says Mr. G. K. Benscher in his chairman's statement.

The cloud of the general economic atmosphere however overshadows the justified expectation of excellent results, he adds.

Mr. Benscher believes that the underlying strength of the group will enable it to achieve its targets of turnover and profit. Activities in the leisure industry offer scope for growth, both for the UK and Europe, and the ability and experience of the management team should enable the group to take full advantage of the opportunities in these markets.

The Board will continue to devote its efforts to seek improvement in the performance of the group, the chairman says.

The demand for leisure products created expansion opportunities for retail organisations who have opened many new retail shops offering leisure products supplied by the group.

The sales force is being increased to serve this expansion in the industry.

Having suffered the winter setback, the UK subsidiary is making good progress with encouraging bookings at recent important exhibitions and current turnover is well ahead compared with the same period last year, says Mr. Benscher. However the economic outlook and increasing overheads calls for conservative optimism.

As already reported with a 1-for-10 scrip, pre-tax profits for the year ended May 31, 1979, amounted to £1.5m against £1.75m on turnover of £18.02m compared with £15.02m.

Shareholders' funds at the year-end, including a property ravaluation surplus of £974,517, totalled £7.75m compared with £5.61m previously.

Meeting, Middlesex Room, Abercorn Rooms, EC, November 9 at noon.

Selincourt lower at £1.15m but raises interim 40%

HIGHER interest rates, the slackness of the retail trade and pressure on margins combined to trim midway profits at Selincourt, the textile and garment manufacturer.

But the interim dividend is being hoisted by 40 per cent from 0.5p net to 0.7p. This, the directors say, is justified by the underlying strength of the group.

In the six months to July 31, 1979, pre-tax profits fell from £1.7m to £1.15m on turnover 13.7 per cent ahead at £32.6m.

The directors say full-year profits will be more favourable than indicated by the half-year results, although not up to the record £4.56m achieved last year, from which a total dividend of 1.36p was paid.

	Six months 1979 £000	1978 £000
Turnover	32,600	28,671
Profit before tax	1,155	1,704
Tax	520	770
Profit after tax	635	934
Minorities	4	6
Attributable	631	928
Dividends	365	268
Retained	266	660

● comment

After record profits in 1978-79, it is disappointing to see a 32 per cent drop in Selincourt's half-time figure. The twin terrors of leaping interest charges and a VAT-related margin squeeze seem to account for the company's unhappy showing. But the garment business is cyclical and several factors suggest that a drop to £4m in 1979-80 pre-tax profits (from £4.6m) could be followed by recovery. For one thing, the group's Taylor Merrymade and Suede and Leathercraft businesses should be out of loss this year. Second, the company's £2.25m capital expenditure on improved productive capacity should soon come on stream (against about £1m in depreciation). Finally, the group order book is good and the French subsidiary looks set to do well. The company is *raising the interim 40 per cent* and a similar increase in the final could yield 12 per cent at 23p, down 1p. The prospective p/e stands at six on a full tax charge.

Scottish Heritable expansion

DE[illegible] sharply higher interest [illegible] against £97,400, pre-[illegible] Scottish Heritable [illegible] from £400,500 to £56[illegible] the first half of 1979. And the directors expect second-half profits to exceed those now reported.

The net interim dividend is effectively stepped up from 0.35p to 1p—last year's total was equivalent to 0.934p, paid from record profits of £1.09m. Earnings per 25p share are given as 3.84p (3.62p).

Turnover was well ahead at £9.39m, against £6.54m. After tax of £153,000 (£62,800), and minorities of £91,800 (£41,200), attributable balance came through at £315,000, compared with £296,500.

Principal activities of the group are property and the distribution of carpets, floor coverings and hairdressing supplies.

Upturn reflects stocks sale at Cardiff Malting

An improvement in the year's trading profit achieved by Cardiff Malting does not presage an improvement in the company's *malt trading position, states the* chairman in a letter to shareholders.

The improvement arises from the sale of the greater part of the company's stocks and the *fact that it has not had to* borrow heavily to buy barley.

The decision to discontinue the malt trading part of the group's business, was announced at the interim stage. The board then said that the high labour costs of floor malting made it unremunerative with modern automated processes. Escalating production costs and diminishing sales could only result in losses.

The company says it intends to foster the already profitable investment side.

Proposals to repay Pye debentures

The Board of Philips Electronic and Associated Industries has decided to put proposals to the holders of the £1,689,141 6½ per cent debenture stock 1976/81 and of the £2,225,800 6½ per cent debenture stock 1980/85 of Pye of Cambridge which would result in the stocks being repaid.

The basis for the proposed repayment of the stocks will be: for every £100 nominal of 6½ per cent debenture stock 1976/81, £100 in cash, with accrued interest to the repayment date; for every £100 nominal of 6½ per cent debenture stock 1980/85, £95 in cash, with accrued interest to the repayment date; and so in proportion for holdings less than £100 or are not exact multiples.

The proposals will require the consent of the stocks' holders at separate extraordinary general meetings.

Kalamazoo meets year's target

ON sales ahead from £21.48m to £25.54m profits of Kalamazoo, business systems and services group, before KWA bonus and tax, reached £4.59m for the year ended August 3 1979 against £3.72m.

At halfway profits were up from £1.27m to £2.09m. The directors then said that second half profits should be similar to the previous year, the proportion contributed by each half-year for 1978-79 being much closer than before. In the event second half profits were £2.5m compared with £2.45m.

The directors now say that all parts of the group have performed well and they are reasonably confident for the current year, despite uncertain economic prospects.

The group is continuing its high level of investment in development projects, they add.

Pre-tax figure for the year was struck after depreciation £1.39m (£1.17m) but was before charging the KWA bonus of £909,000 (£547,000) and SSAP 15 adjusted tax of £1.4m (£1.72m).

Although the profit-contribution from exports was down on last year and overseas orders are still running at a lower level, the Board is looking for an improvement in the current year.

Micro-processors are being introduced to selected overseas markets directors say, the funding of which may involve closer financial links with some distributors. To facilitate this, a new subsidiary, Norfield Holdings, has been established in Jersey, its first operation having been to acquire David Millard, the group's distributors in Eire.

Existing computer services continue to expand steadily, they add, contributing 25 per cent (23 per cent) to the profits for the year.

Net profit came out at £2.28m (£1.45m) giving earnings of 7.1p (4.5p) per 10p share. The final dividend is boosted to 2.64p (1.237p) net lifting the total to 3.75p (2.16p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—City of Aberdeen Land Association, Craig and Rose, Dupont, English Property, General Scottish Trust, Hawker Siddeley, Norman Hay, Industrial and General Trust, Lee Cooper, Plysmum, Scottish Mortgage and Trust, Taylor Pallister, UBM, United Engineering.

Finals—Brooke Bond Liebig, East Rand Gold and Uranium, Elsco, Foward Technology Industries, Free State Geduld Mines, Free State Saaiplaas Gold Mining, Guildhall Property, London and Montrose Investment Trust, London Shop Property Trust, Medminster, President Brand Gold Mining, President Steyn Gold Mining, Prestwich Parker, Priest Marians, Saga Holidays, Spencer Gears, Welkom Gold Mining, Western Holdings.

FUTURE DATES

Interims—

Allebone	Oct. 19
Allied Irish Banks	Oct. 31
Bambers Stores	Oct. 23
Eastern Produce	Oct. 19
Fidelity Radio	Oct. 23
Graig Shipping	Oct. 31
Hopkinsons Holdings	Nov. 1
International Paint	Nov. 21
Minster Assets	Oct. 30
Reed International	Oct. 30
Robertson Foods	Nov. 23
Shiloh Spinners	Nov. 6

Finals—

M.Y. Dart	Oct. 24
Simpson (S.)	Dec. 30

Christie-Tyler

Results for the first half of Christie-Tyler, furniture and upholstery maker, should be a little better than they were at the same time last year, Mr. G. M. Williams, chairman, said at the annual meeting.

Orders in recent weeks had been below that of the comparative period but the tax cuts which became effective this month, would help stimulate demand, the chairman said.

Notice of Redemption

Nippon Electric Company, Limited

7½% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 15, 1959, under which the above described Debentures were issued, Citibank, N.A., as Trustee, has drawn by lot, for redemption on November 15, 1979, through the operation of the sinking fund provided for in said Indenture, $1,000,000 principal amount of Debentures of said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

1	308	623	1060	1267	1720	4445	6447	7422	8909	9783	10568	10862	11176	11685	13456	14012
3	331	742	1081	1269	1721	4456	6448	7424	8910	9797	10569	10865	11189	11692	13473	14014
4	312	743	1087	1276	2277	4449	[illegible]	7430	[illegible]	9872	10570	10891	11193	11693	13474	[illegible]
5	315	744	1084	1282	2278	4452	6450	7448	8957	9878	10571	10897	11197	11694	13476	14017
6	316	745	1085	1292	2279	4457	6451	7449	[illegible]	[illegible]	10572	10898	11198	11700	13477	14019
9	323	754	1089	1294	2405	4500	6478	7454	[illegible]	9928	10573	10933	11204	11701	13478	14021
13	326	755	[illegible]	1304	2766	4509	[illegible]	7455	8974	9934	10574	10940	11208	11708	13479	14022
15	327	756	1095	1313	2767	4734	6462	[illegible]	8975	9938	10580	10941	11209	11730	13490	[illegible]
17	328	767	1097	1315	2781	[illegible]	[illegible]	[illegible]	[illegible]	10007	10581	10942	11211	11731	13493	[illegible]
19	331	769	1099	1322	2789	4820	[illegible]	[illegible]	[illegible]	10009	10609	10943	11213	11736	13495	[illegible]
20	367	770	1106	1323	2851	4821	6491	[illegible]	[illegible]	10011	10610	10944	11214	11747	13501	14162
40	368	771	1110	1327	2857	4822	6492	[illegible]	[illegible]	10021	10611	10967	11218	11792	13523	14163
54	369	772	1115	1336	2958	4824	6493	[illegible]	[illegible]	10069	10612	[illegible]	11223	11803	13525	14167
55	370	773	1118	1338	3004	4902	6502	[illegible]	[illegible]	10071	10613	10971	11224	11805	13526	14170
75	374	775	1122	1340	3355	4903	6503	[illegible]	9001	10072	10614	10973	11251	11835	13527	14171
80	380	777	1125	1342	3357	4964	6506	[illegible]	[illegible]	10076	10615	10974	11256	[illegible]	13532	14172
90	387	912	1129	1345	3359	4966	6507	8069	[illegible]	10085	10616	10975	11257	[illegible]	13533	14176
93	388	924	1131	1493	3363	4968	6890	8070	9012	10100	10617	10976	11258	11880	13549	14151
101	389	926	1134	1500	3364	5035	7027	8071	9013	10102	10618	10981	[illegible]	11901	13531	[illegible]
103	425	928	1135	1501	3365	5036	7030	8074	9014	10131	10625	10986	[illegible]	11903	13605	[illegible]
106	427	930	1137	1520	3366	5038	7031	8076	9015	10142	10627	10991	11254	11907	13612	[illegible]
114	430	935	1142	1579	3466	5045	7032	8149	9016	10143	10640	11001	11255	11918	13614	[illegible]
115	432	937	1143	1536	3470	5047	7040	8150	[illegible]	10145	10653	11003	11256	11923	13622	[illegible]
123	445	939	1151	1567	3471	5049	7085	8151	9021	10146	10654	11014	[illegible]	[illegible]	13623	[illegible]
124	453	940	1158	[illegible]	3491	5051	7147	8152	[illegible]	10152	10656	11021	[illegible]	[illegible]	13624	[illegible]
141	454	941	1175	1593	3612	5052	7154	8215	[illegible]	10199	10655	11023	[illegible]	[illegible]	13625	[illegible]
144	456	942	1181	1596	3616	5053	7164	8500	[illegible]	10200	10685	11024	[illegible]	12001	13628	[illegible]
147	462	944	1182	1599	3724	5054	7165	8501	[illegible]	10203	[illegible]	11025	[illegible]	[illegible]	[illegible]	[illegible]
165	464	945	1186	1602	3732	5256	7192	8503	[illegible]	10204	[illegible]	11027	[illegible]	[illegible]	[illegible]	[illegible]
166	475	955	1187	1603	3733	5258	7193	8571	[illegible]	10205	[illegible]	[illegible]	[illegible]	[illegible]	13630	[illegible]
167	477	957	1191	[illegible]	3734	5259	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11031	[illegible]	[illegible]	13631	[illegible]
168	478	962	1192	[illegible]	3735	5291	[illegible]	8603	[illegible]	10265	[illegible]	[illegible]	[illegible]	12171	13679	14342
169	479	1001	1196	1614	4033	5409	[illegible]	8604	[illegible]	[illegible]	10701	11035	[illegible]	[illegible]	13733	[illegible]
170	494	1004	2199	[illegible]	4034	5587	7270	8607	[illegible]	[illegible]	[illegible]	11041	[illegible]	[illegible]	13735	[illegible]
171	511	1006	1203	1618	4045	5593	7280	[illegible]	[illegible]	10316	10713	[illegible]	[illegible]	[illegible]	13772	[illegible]
174	532	1007	1204	1620	4056	5595	7282	[illegible]	[illegible]	10317	10714	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
175	533	1009	1209	1643	4038	5612	7324	[illegible]	[illegible]	10318	[illegible]	11051	[illegible]	[illegible]	13805	[illegible]
186	535	1010	1210	1644	4039	5613	7325	[illegible]	[illegible]	10319	[illegible]	11054	[illegible]	[illegible]	[illegible]	[illegible]
194	544	1011	1211	1648	4040	5692	7354	[illegible]	[illegible]	10321	10740	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
195	548	1012	1212	1649	4041	5975	7356	[illegible]	[illegible]	10322	10755	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
223	561	1013	1214	[illegible]	4042	[illegible]	[illegible]	[illegible]	9512	10329	10761	11114	[illegible]	[illegible]	[illegible]	[illegible]
224	563	1015	1215	1654	4073	5962	7375	[illegible]	9514	10464	10773	11126	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	564	1017	1216	1658	4074	5983	7384	[illegible]	9520	10470	10774	11127	[illegible]	12592	13813	[illegible]
237	568	1020	1225	1660	4075	5984	7385	[illegible]	9521	10472	10824	11128	[illegible]	12593	13814	[illegible]
243	570	1024	1228	1661	4076	5985	7386	8701	9522	10473	10827	11129	[illegible]	12594	13815	[illegible]
255	572	1027	1229	1663	4078	6056	7387	8795	9526	10474	10832	11134	11349	12595	13816	[illegible]
261	576	1029	1235	1664	4079	6057	7388	8822	[illegible]	10476	10840	11143	11350	[illegible]	[illegible]	[illegible]
268	578	1031	1237	1670	4080	6058	7389	8823	[illegible]	10477	10841	11146	11352	12677	[illegible]	[illegible]
270	583	1032	1238	1680	4081	6115	7390	8825	9694	10479	10843	11149	11354	12707	13879	[illegible]
271	587	1035	1240	1701	4102	6122	7393	8826	9695	10485	10844	11152	11355	12736	[illegible]	[illegible]
[illegible]	591	1043	1242	1702	4123	6127	7402	8827	9696	10490	10845	11160	11356	12739	[illegible]	[illegible]
278	593	1046	1245	1704	4124	6179	7409	8850	9697	10524	10846	11166	11578	12742	[illegible]	[illegible]
282	595	1047	1246	1707	4125	6186	7413	8851	9698	10526	10847	11168	11583	[illegible]	[illegible]	[illegible]
284	596	1051	1247	1709	4126	6287	7414	8857	9701	10527	10848	[illegible]	11584	[illegible]	[illegible]	[illegible]
285	601	1052	1250	1710	4131	6313	7415	8859	9708	10533	10857	11170	11587	13427	[illegible]	[illegible]
292	602	1053	1255	1712	4397	6421	7416	8904	9778	[illegible]	10858	11171	[illegible]	13431	[illegible]	[illegible]
297	603	1054	1259	1713	4398	6439	7417	8905	9779	10563	10874	11172	11590	13439	13997	
300	605	1058	1260	1717	4399	6445	7418	8906	9780	10564	10875	11173	11592	13443	14001	
307	606	1059	1265	1719	4440	6446	7419	8908	9781	10566	10880	11174	11595	13445	14003	

The Debentures specified above are to be redeemed for said sinking fund at the **SBD-Multinational Securities-2nd Floor of Citibank, N.A., 111 Wall Street, in the Borough of Manhattan, The City of New York, State of New York,** the main offices of Citibank, N.A. in Amsterdam, Netherlands and Milan, Italy; The Chase Manhattan Bank (National Association) in Paris, France and Frankfurt Main, Germany; The Bank of Tokyo, Ltd., London, England and Brussels, Belgium; Swiss Bank Corporation, Basle, Switzerland and at Kredietbank S.A. Luxembourgeoise, Luxembourg, as the Company's paying agents, and will become due and payable UPON PRESENTATION AND SURRENDER THEREOF on November 15, 1979, at the redemption price of 100 percent of the *principal amount thereof plus accrued interest on* said *principal amount to such date. On and after* such date, interest on said Debentures will cease to accrue.

Said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on said date with all interest coupons maturing subsequent to the redemption date appertaining thereto. Coupons due November 15, 1979 should be detached and presented for payment in the usual manner.

For NIPPON ELECTRIC COMPANY, LIMITED
By:* CITIBANK, N.A., *Trustee

October 11, 1979

York Trailer growth halted

IN HIS statement for the three months to September 30, 1979, Mr. F. W. Davies, chairman of York Trailer Holdings, says the engineers' strike has destroyed the growth for the third quarter "and with it, our expectation of a reasonably good year in 1979."

Up till then, the group has been making an excellent recovery from the national transport strike in the spring, the chairman says.

Mr. Davies says that for the medium-term prospects, "we have to accept more national strikes, plus a further diminution of export sales with our costs remaining so uncompetitive in world markets."

To meet this situation, some retrenchment is necessary and already production is being scaled down at the Scammell Hoveringham plant, the chairman states. Scammell products will be built in future at York Trailer plants in Northallerton and Corby.

The Anthony York subsidiary in the U.S. which got off to a good start and achieved some profits has now ceased to make any contribution and will not do so until early next year in the face of the lowered tempo in the U.S.

For the longer term, "and we are looking at late 1980" the chairman says there are great prospects for the group. When Britain falls in line with Europe on uniformity of gross commercial vehicle weights, a major re-equipment demand can be confidently expected "and York is ready for it," Mr. Davies declares.

Heinz falls to £15.3m

A decline in profits is announced by H. J. Heinz Company in the year to April 29 1979.

The taxable surplus fell from £16.3m to £15.3m. Tax takes £7.8m (£8.3m).

At midway the company, which is a subsidiary of H. J. Heinz Company of Pittsburg U.S., saw pre-tax profits slip from £7.63m to £7.48m.

T.C. Harrison

Ford, JCB, Vauxhall/Bedford Main Dealers, Fleet Sales, Vehicle Leasing, Hire Purchase

INTERIM RESULTS

- **Profits up by 33%**
- **Dividend up 20%**
- **3rd Quarter has continued to produce good profits**

	Half-Year to 30th June 1979 £'000	1978 £'000
Turnover	37,598	30,013
Profit before tax	2,026	1,528
Profit after tax	972	733
Dividend per share	0.92p	0.7688p

"We are confident of the future and fully expect 1979 to produce another record year of profits."

T. C. Harrison, Chairman

TCH GROUP

Copies of the Interim Report can be obtained from the Secretary, 53/67 London Road, Sheffield S2 4LD.

CHRISTOPHER MORAN GROUP LIMITED

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 31st JULY, 1979

	6 Months Ended 31st July 1979 £'000	1978 £'000	Year Ended 31st January 1979 £'000
Turnover	1,675	1,459	3,283
Profit Before Taxation	1,255	1,232	2,037
Taxation	653	640	1,092
Profit After Taxation	602	592	945
Minority Interests	1	5	29
Profit attributable to Members	601	587	916

The Directors have declared an interim dividend for the year ending 31st January, 1980 of 1.1p per share (1979 1.1p) payable on 7th February, 1980 to shareholders on the register on 4th January, 1980 which will absorb £189,828 (1979 £189,828).

Moran House
23-26 St. Dunstan's Hill
London EC3R 8JD

17th October, 1979

'I expect even you sometimes find it difficult to take a long view, Mr Wagstaff.'

'Well, I certainly try,' said Mr Wagstaff, wondering why George Young, who had been a customer for many years, was adopting this somewhat oblique approach.

'I know it sounds as though I'm talking in riddles,' said Mr Young, reading Mr Wagstaff's thoughts with remarkable accuracy, 'but as a matter of fact I'm talking literally. As you know, there's nothing like condensation on windows for shortening the view. And being in the window business I'm not only very conscious of it, I'm also very conscious that it provides a marvellous opportunity for George Young & Co. to make a small fortune.'

'I'm afraid I still don't quite see—'

'—Where all this is leading? Well, it's not up the garden path, I promise you. It's leading straight to what I wanted to see you about. Plastic double glazing. With plastic framing you virtually eliminate condensation problems. And no problems finding customers either, with something like that to offer.'

'So what exactly *is* the problem, Mr Young.'

'The machine I need to get started. It's a bit special, and it's far from cheap.'

'Well in that case we'd better take a look at the facts and figures, Mr Young. If they indicate a rosy view, I'll be very happy to take a long one.'

Wagstaff peered keenly at the prototype frame.

WILLIAMS & GLYN'S AND FINANCE FOR YOUR BUSINESS.

There are three different ways Williams & Glyn's can help finance this kind of project. 1. By Overdraft: this has the advantage of being easy to arrange, and since the interest is charged only on the amount actually borrowed, if this is repaid quickly the interest can be kept to a minimum. 2. By Medium Term Loan: this enables you to pay for equipment over a period up to 7 years during which time it is generating income. Loan accounts are handled separately from current accounts so the cost can be isolated and repayments made to suit each individual case. Interest is usually linked to Williams & Glyn's Base Rate.

3. By Hire Purchase: Williams & Glyn's subsidiary, St Margaret's Trust Limited, provides instalment credit. The repayments are tailored to suit the customer's requirements.

The manager and staff at every Williams & Glyn's branch are always ready with friendly, expert advice on a wide variety of money matters, both on business and personal accounts. If you would like to know more about us why not call in at your local branch, or write to: Marketing Development Office, Williams & Glyn's Bank Limited, New London Bridge House, 25 London Bridge Street, London SE1 9SX.

WILLIAMS & GLYN'S BANK

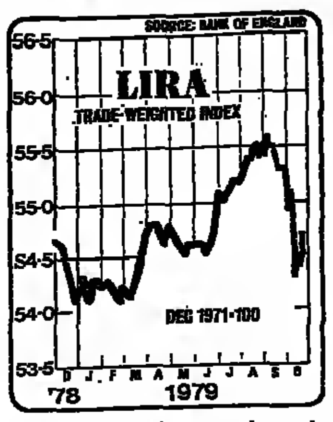
Our business is pounds, pence and people.

A member of The Royal Bank of Scotland Group and one of the Inter-Alpha Group of Banks.

Companies and Markets CURRENCIES, MONEY and GOLD

Dollar rises

THE DOLLAR rose quite sharply in late trading yesterday after drifting for most of the day. The market seemed to lack any real volume, and trading was featureless for most of the day. The U.S. unit rose as interest was revived in the U.S. on the possibility of higher interest rates. Against the D-mark it finished at DM 1.8025 compared with DM 1.7990 on Tuesday, and a low point yesterday of DM 1.7930. Similarly against the Swiss franc it rose to SwFr 1.6500 compared with SwFr 1.6350 previously. The dollar was also firmer against the yen, as the latter was affected by the present uncertainty surrounding oil prices. The U.S. currency was quoted at Y234.15 against Y231.90, its best level since March, 1978. On Bank of England figures its trade weighted index rose from 85.9 to 86.2.



Sterling remained fairly steady overall, and this was reflected in its trade weighted index which eased only slightly to 68.8 from 68.9, having stood at 68.8 at noon and 68.9 in the morning. Against the dollar it opened at $2.1510 and eased initially to $2.1460 before dollar sales saw the rate improve to $2.1490 by noon. Trading during most of the afternoon took place around $2.1475, but the pound fell to $2.1440 on the late firmness of the dollar and it closed at $2.1445-2.1455, a fall of 80 points from Tuesday.

NEW YORK—After an easier period in Europe, the dollar improved against most currencies in early trading although dealers noted that the U.S. unit may have reached a temporary peak. Against the D-mark it rose to DM 1.7970 from DM 1.7950 earlier in London and to Y235.15 from Y233.85 in terms of the yen.

FRANKFURT—There was no intervention by the Bundesbank yesterday when the dollar was fixed lower at DM 1.7954, compared with DM 1.7982 on Tuesday. While dealers did not rule out the possibility that the authorities may have sold some dollars, they pointed out that the dollar's fall was probably more a reflection of market unease over the recent uncertainty on oil prices.

MILAN—The lira was slightly firmer against the dollar, with the latter fixed at L828.95 compared with L830.20 previously.

TOKYO—The yen continued to lose ground yesterday, with the U.S. dollar rising to Y233.95, up from Tuesday's finishing level of Y231.65. Trading opened around the Y233.10 level and the dollar improved steadily. A report that OPEC was losing control of oil prices pushed the U.S. unit sharply firmer to Y235.0 at one point, and although the Bank of Japan intervened once again in the market, spending about $200m in support of the yen, there appeared to be little slowing in the dollar's sharp rise.

In the past three days the Bank of Japan has poured around $1bn into the market.

THE POUND SPOT AND FORWARD

Oct. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1440-2.1510	2.1445-2.1455	0.12-0.02c pm	0.39	0.02-0.12dis	−0.13
Canada	2.5200-2.5260	2.5205-2.5215	0.28-0.18c pm	1.09	0.70-0.60 pm	1.02
Nethlnd.	4.27-4.30½	4.27½-4.28½	1⅞-⅞c pm	3.86	5-4 pm	4.20
Belgium	62.10-62.45	62.20-62.30	par-10c dis	−0.96	10 pm-par	0.32
Denmark	11.23-11.30	11.23½-11.24½	2-4ore dis	−3.20	10½-12½ dis	−4.09
Ireland	1.0330-1.0380	1.0340-1.0350	0.30-0.40p dis	−4.06	0.80-0.90dis	−3.29
W. Ger.	3.85-3.89	3.86½-3.87½	2½-1½pf pm	5.81	2½-5½ pm	5.81
Portugal	107.10-107.60	107.15-107.45	55-105c dis	−2.95	150-250 dis	−7.46
Spain	141.55-141.95	141.60-141.70	70-120c dis	−2.04	225-325 dis	−8.58
Italy	1780-1783	1781½-1782½	par-2 lire dis	−0.67	7½-9½ dis	−1.91
Norway	10.68-10.72½	10.69½-10.70½	3½-1½ore pm	3.65	2ore pm-par	0.37
France	9.04-9.08	9.06½-9.07½	1½-½c pm	1.32	2¼-1¼ pm	0.77
Sweden	9.06½-9.10½	9.07-9.08	2¾-¾ore pm	2.31	6¾-4¾ pm	2.53
Japan	498-508	502-503	2.90-2.50y pm	6.45	7.60-7.20 pm	5.89
Austria	27.75-27.95	27.77-27.82	17-7gro pm	5.19	37-27 pm	4.62
Switz.	3.51-3.55	3.53½-3.54½	3⅞-2⅞c pm	11.44	10¼-9¼ pm	11.25

Belgian rate is for convertible francs. Financial franc 63.80-63.90c pm. Six-month forward dollar 0.22-0.32c dis. 12-month 0.05c pm-0.05c dis.

THE DOLLAR SPOT AND FORWARD

Oct. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1440-2.1510	2.1445-2.1456	0.12-0.02c pm	0.34	0.02-0.12dis	−0.11
Ireland†	2.0730-2.0790	2.0735-2.0785	0.60-0.40c pm	2.89	1.45-1.15 pm	2.50
Canada	1.1757-1.1773	1.1770-1.1773	0.14-0.10c pm	1.22	0.45-0.41 pm	1.46
Nethlnd.	1.9895-1.9930	1.9910-1.9930	0.60-0.50c pm	3.31	2.27-2.17 pm	4.46
Belgium	28.94-29.02½	29.00-29.02½	1-2½c dis	−0.72	4-2 pm	0.41
Denmark	5.2315-5.2385	5.2370-5.2385	1.10-1.60ore dis	−3.09	5.20-5.70dis	−4.16
W. Ger.	1.7930-1.8050	1.8020-1.8030	0.86-0.76pf pm	5.39	2.75-2.65 pm	5.99
Portugal	49.83-50.12	50.02-50.12	25-40c dis	−7.79	45-90 dis	−5.39
Spain	66.00-66.05	66.00-66.02	15-30c dis	−4.09	65-95 dis	−4.85
Italy	829.00-830.00	829.25-829.75	0.40-0.90 lire dis	−1.88	2.70-3.20dis	−1.42
Norway	4.9770-4.9865	4.9855-4.9865	1.00ore pm-par	1.20	0.50pm-0.50dis	—
France	4.2110-4.2325	4.2210-4.2240	0.30-0.15c pm	0.64	0.85-0.70 pm	0.73
Sweden	4.2230-4.2255	4.2245-4.2255	1.05-0.66ore pm	2.70	3.15-2.95 pm	2.89
Japan	233.40-234.60	234.10-234.20	1.30-1.10y pm	6.15	3.60-3.40 pm	5.98
Austria	12.917-12.952	12.942-12.952	5.90-5.40gro pm	5.24	17.75-16.25pm	6.25
Switz.	1.6350-1.6520	1.6495-1.6505	1.60-1.55c pm	11.45	4.82-4.77 pm	11.62

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Oct. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.501921	0.643944
U.S. $	12	1.29591	1.38573
Canadian $	13	1.52199	1.63140
Austria Sch.	3¾	16.7613	17.9513
Belgian F.	10	37.6481	40.1840
Danish K.	11	6.79338	7.29371
D Mark	6	2.32905	2.49335
Guilder	8	2.59135	2.75379
French Fr.	9½	5.46957	5.95201
Lira	12	1075.35	1151.33
Yen	5¼	300.100	321.999
Norwgn. Kr.	7	6.45209	6.00523
Spanish Pts.	8	85.5059	91.5937
Swedish Kr.	9	5.45909	5.85479
Swiss Fr.	1	2.11592	2.25560

CURRENCY MOVEMENTS

Oct. 17	Bank of England Index	Morgan Guaranty changes %
Sterling	68.8	−36.7
U.S. dollar	86.2	−7.0
Canadian dollar	80.5	−17.4
Austrian schilling	154.4	+23.3
Belgian franc	115.0	+14.3
Danish kroner	115.9	+5.4
Deutsche mark	155.0	+44.5
Swiss franc	200.2	+91.7
Guilder	124.1	+19.1
French franc	100.2	−6.7
Lire	54.7	−49.5
Yen	191.9	+20.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 17	£	$		£ Note Rates
Argentina Peso	3210-3230	1495-1505	Austria	27.40-28.40
Australia Dollar	1.9335-1.9375	0.8990-0.9020	Belgium	63.40-64.40
Brazil Cruzeiro	64.68-65.68	30.15-30.56	Denmark	11.15-11.35
Finland Markka	8.10-8.11	3.7735-3.7750	France	9.00-9.10
Greek Drachma	79.502-81.412	37.30-37.45	Germany	3.90-3.90
Hong Kong Dollar	10.57-10.69	4.9830-4.9970	Italy	17.70-19.20
Iran Rial	150.0-157.3	70.25-73.25	Japan	5.00-5.10
Kuwait Dinar (KD)	0.594-0.604	0.2789-0.2792	Netherlands	4.25-4.35
Luxembourg Frc.	62.20-62.30	29.09-29.01	Norway	10.50-10.80
Malaysia Dollar	4.55-4.5720	2.1700-2.1730	Portugal	104-110
New Zealand Dlr.	2.1840-2.1910	1.0160-1.0195	Spain	140½-144¼
Saudi Arab. Riyal	7.16-7.22	3.3590-3.3530	Switzerland	3.40-3.66
Singapore Dollar	4.64-4.6520	2.1600-2.1630	United States	2.14-2.165
Sth. African Rand	1.773-1.783	0.8270-0.8280	Yugoslavia	46-48

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.8456	40.1857	+0.85	+0.85	±1.53
Danish Krone	7.36594	7.26409	−1.38	−1.38	±1.635
German D-Mark	2.48557	2.49191	+0.26	+0.26	±1.125
French Franc	5.85522	5.84639	−0.15	−0.15	±1.3575
Dutch Guilder	2.74748	2.76449	+0.62	+0.62	±1.615
Irish Punt	0.669141	0.668551	−0.04	−0.04	±1.665
Italian Lire	1159.42	1160.54	−0.77	−0.77	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 17	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lire	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.145	3.870	502.6	9.070	3.540	4.280	1782.	2.521	62.25
U.S. Dollar	0.466	1.	1.804	234.3	4.222	1.650	1.996	830.9	1.176	29.02
Deutschemark	0.252	0.554	1.	122.8	2.344	0.219	1.106	460.5	0.561	12.09
Japanese Yen 1,000	1.990	4.269	7.701	1000.	18.06	7.046	8.517	3547.	6.017	123.2
French Franc 10	1.103	2.365	4.267	564.0	10.	3.903	4.719	1965.	2.779	68.63
Swiss Franc	0.282	0.606	1.093	141.9	2.562	1.	1.209	503.5	0.712	17.58
Dutch Guilder	0.234	0.501	0.804	117.4	2.119	0.227	1.	416.4	0.589	14.54
Italian Lira 1,000	0.561	1.204	2.171	281.2	6.089	1.986	2.401	1000.	1.416	34.93
Canadian Dollar	0.397	0.851	1.535	199.3	3.502	1.404	1.298	707.0	1.	24.69
Belgian Franc 100	1.606	3.446	6.217	807.2	14.67	5.687	6.876	2863.	4.050	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three months 14.35-14.45 per cent; six months 14.30-14.40 per cent; one year 14.20-14.30 per cent.

Oct. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n.a.	12⅝-12⅞	11-12	9⅜-9⅝	⅝-¾	7⅜-7⅞	11½-12¼	12½-14½	—	4¼-9
7 days' notice	n.a.	12⅞-13⅛	11-12	9⅜-9⅝	¾-1	7¹¹⁄₁₆-7¹⁵⁄₁₆	11½-12¼	12½-14½	13-13⅛	5⅜-7⅜
Month	13⅝-13⅞	13-13¼	12¼-12⅝	9⁷⁄₁₆-9¹¹⁄₁₆	1⁹⁄₁₆-1¹¹⁄₁₆	7⅞-7¹⁵⁄₁₆	12⅜-12⅝	14-15	13¹⁄₁₆-13³⁄₁₆	6¹³⁄₁₆-7¾
three months	14¼-14⅜	14³⁄₁₆-14⁵⁄₁₆	12¹³⁄₁₆-13³⁄₁₆	2⅝-9⅞	2⁹⁄₁₆-2¹¹⁄₁₆	8⁷⁄₁₆-8⅝	13¼-13½	15½-15⅛	14⅛-14¼	9¼-8⅝
six months	14⁵⁄₁₆-14⅝	14¼-14½	12¹⁵⁄₁₆-13⁵⁄₁₆	2⅝-9⅞	12¹³⁄₁₆-13¹⁄₁₆	8⁵⁄₁₆-8⅝	13½-13¾	15-17	13¼-13⅝	8-8¼
one year	13⅝-13¾	13½-13¾	12½-12⅞	9⁷⁄₁₆-2¹¹⁄₁₆	3⁵⁄₁₆-3⁷⁄₁₆	7¹³⁄₁₆-8	13¼-13½	15¼-17¼	13⁷⁄₁₆-13⁹⁄₁₆	7⅞-8⅛

Long-term Eurodollar two years 12-12⅛ per cent; three years 11⅞-11⅞ per cent; four years 11¼-11½ per cent; five years 11⅜-11⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore. *Three-month Euro-dollar rate should have been 14¹¹⁄₁₆-14¹⁵⁄₁₆ on October 15 and 16. Six-month rate should have been 14¹¹⁄₁₆-14¹⁵⁄₁₆ on October 15 and 14⅝-14⅞ on October 19.

INTERNATIONAL MONEY MARKET

Belgian rates up

Belgian Treasury certificate rates were firmer yesterday, as the Belgian franc traded slightly above its lowest permitted level against the Danish krone under the terms of the European Monetary System. No reason was given by the Belgian National Bank as rates on one-month, two-month and three-month certificates were increased by 0.65 per cent to 13.75 per cent. The last rise in Belgium's discount rate was by 1 per cent to 10 per cent on October 3. In Brussels yesterday the Danish krona was fixed at BFr 5.5320, compared with BFr 5.5315 previously, and an upper intervention limit of BFr 5.5325. Domestic deposit rates for the Belgian franc were: One-month 13¾-14 per cent; three-month 13¹³⁄₁₆-14³⁄₁₆ per cent; six-month 13⅜-13⅝ per cent; and 12-month 12⅞-12⅜ per cent.

FRANKFURT — Short-term interest rates remained firm, with call money rising to 8.60-8.70 per cent from 8.40-8.50 per cent; one-month to 8.35-8.45 per cent from 8.10-8.20 per cent; three-month to 8.75-8.90 per cent from 8.50-8.60 per cent; six-month to 8.60-8.70 per cent from 8.20-8.30 per cent; and 12-month to 8.25-8.35 per cent from 8.15-8.25 per cent.

PARIS — Call money was unchanged at 11¼ per cent, but one-month rose to 11⅞-12 per cent from 11⅝-11⅞ per cent. Three-month funds were unchanged at 12-12¼ per cent, while six-month rose to 12¼-12½ per cent from 12-12¼ per cent, and 12-month were unchanged at 12-12¼ per cent.

AMSTERDAM — Call money eased to 9¼-9½ per cent from 9⅜-9⅝ per cent; one-month to 9¾-10 per cent from 9⅞-10⅛ per cent; three-month to 10⅛-10⅜ per cent from 10¼-10½ per cent; and six-month to 9¾-10 per cent from 9⅞-10⅛ per cent.

HONG KONG — The money market was easy, with call money at 8 per cent and overnight at 3½ per cent.

MONEY RATES

NEW YORK

Prime Rate	14½
Fed Funds	13-13½
Treasury Bills (13-week)	11.79
Treasury Bills (26-week)	11.50

GERMANY

Discount Rate	5
Overnight Rate	8.65
One month	8.40
Three months	8.825
Six months	8.65

FRANCE

Discount Rate	9.5
Overnight Rate	11.28
One month	11.9375
Three months	12.0625
Six months	12.1875

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.6875
Bills Discount (three-month)	7.25

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Published figure day for London banks greatly increased the supply of day-to-day funds in the money market as banks adjusted their positions within the corset. At least one clearing bank was a major lender of money, and this coupled with a small surplus of Government disbursements over revenue payments to the Exchequer, and a small decline in the note circulation left money in abundant supply. The authorities absorbed the surplus by selling a small amount of Treasury bills to the discount houses.

In the interbank market overnight loans opened at 10-10½ per cent, and soon eased to 7-7½ per cent, before picking up to 9½-10 per cent, but then falling sharply to 3-4 per cent. At the close conditions became tight with overnight money touching its highest level of the day at 14 per cent.

Rates in the table below are nominal in some cases.

GOLD.

Further fall

Gold lost ground in the London bullion market yesterday and finished at $382-385, a fall of $8 an ounce. Selling began in reaction to new procedures announced by the U.S. Treasury for its future auctions, designed to diffuse speculation in gold and help strengthen the dollar. Dealers detected a distinct turn in sentiment, and after opening at $381-384, compared with an average price of $391.98 at Tuesday's U.S. auction, the metal touched a high of $388½ before losing ground towards the close. Trading in New York saw the weaker trend continue, with dealers quoting a spot equivalent of $379.

In Paris the 12½-kilo bar was fixed at FFr 53,000 per kilo ($391.42 per ounce) compared with FFr 53,300 ($393.54) in the morning and FFr 54,500 ($401.40) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 22,310 per kilo ($386.46 per ounce) against DM 23,050 ($398.44) previously.

	October 17		October 15	
Gold Bullion (fine ounce)				
Close	$382-385	(£178.0-179.4)	$390-393	(—)
Opening	$381-384	(£177.8-179.6)	$397-399	(—)
Morning fixing	$386.40	(£179.768)	$399.50	(£185.60)
Afternoon fixing	$386.00	(£179.710)	$394.25	(£182.862)
Gold Coins				
Krugerrand	$386-388	(£180-193)	$396-399	(£183½-185½)
Mapleleaf	$400-410	(£126-181)	$410-420	(£192-197)
New Sovereigns	$99-100	(£46-47)	$100½-102½	(£46½-47½)
King Sovs	$111-115	(£51½-53½)	$111-113	(£51½-53)
Victoria Sovs	$113-115	(£59½-54½)	$112-114	(£52-54)
Fr 20 Napoleon	FFr410-425	(SFr150-165)	FFr418-429	(SFr162-166)
50 pesos Mexico	$422-484		$497-499	
100 Cor. Austria	$378-380		$389-391	
$20 Eagles	$485-490		$495-469	
$10 Eagles	$244-249		$246-251	
$5 Eagles	$212-224		$221-226	

LONDON MONEY RATES

Oct. 17 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-14	—	—	—	9½-13½	5-13	—	—	—
2 days notice	—	—	13⅝-13⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅛-13¾	13⅞-14	—	—	—	—	—	—	—
One month	13⅞-13¹³⁄₁₆	13½-13¾	13⅞-14	—	14	13¾	10-12½	—	—	—
Two months	13⅞-13¾	13¹¹⁄₁₆-13⅞	—	14⅞-14⅝	14	14⅛	13⅝	13⅝-13⁹⁄₁₆	13¹³⁄₁₆	14½
Three months	13⅞-13¹³⁄₁₆	13¾-13⅞	14	14⅝-14⅜	14	—	13½	13¹¹⁄₁₆	13¹³⁄₁₆-13²³⁄₃₂	14½
Six months	13¾-13⅝	13⅝-13¹³⁄₁₆	13¾-14	14¼-14	14⅛	14¼	13⅝	13²¹⁄₃₂-13⅝	13⅝	14⅜
Nine months	13¹¹⁄₁₆-13¹³⁄₁₆	13⅝-13⅞	—	14-13⅝	14⅛	—	—	—	13⅞	14⅛
One year	13⅛-12⅞	13¼-13¼	13¼-13⅜	13⅞-13⅛	13¾	—	—	—	—	—
Two years	—	—	13¼-13⅜	13⅜-13⅛	13¾	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13⅞-13⅞ per cent; five years 13¾-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13¾-13⅝ per cent; two-month 13¾-13⅝ per cent; three months 13⁹⁄₃₂-13⅝ per cent. Approximate rates for one-month bank bills 13¹³⁄₁₆ per cent; two-month 13¹³⁄₁₆-13²⁷⁄₃₂ per cent and three-month 13¹³⁄₁₆ per cent; one-month trade bills 14⅛ per cent; two-month 13⅞ per cent and three-month 14⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14½ per cent from October 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3615 per cent.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bk.	14 %	C. Hoare & Co.	14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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Prof. Burns and the discreet charm of the mandarins

BY PETER RIDDELL, Economics Correspondent

THE APPOINTMENT of Professor Terry Burns as Chief Economic Adviser to the Treasury and Head of the Government Economic Service is an unusual and radical choice.

Professor Burns is different in many respects from his predecessors. Aged 35, be is at least 15 years younger than any previous chief adviser. Moreover, he is an nutsider to Whitehall; his only official contact to date has been as a member of the academic panel of econnmists which advises the Treasury from time to time on technical aspects of its forecasting modei.

Unusually for a tnp mandarin, Professor Burns does not have an Oxbridge background. A miner's son from Durham be went tn Manchester University and since graduating in the mid-1960s be has been at tbe London Business School.

Hugh Routledge

Prof. Terry Burns

He also has a more distinctive viewpoint on the economy than many of his predecessors. Indeed the most striking difference is that be is a prominent advocate of what may ioosely be described as a monetarist apprnach in contrast to the brnadly neo-Keynesian approach of previous chief advisers.

For several of these reasons Prof. Burns was not the first chnice of many top Treasury officials. They would have preferred someone older with more official experience and closer to the neo-Keynesian traditions, someone like Prof. Robin Matthews from Cambridge. But Prof. Burns can be seen as an acceptable monetarist from Treasury officials' point of view. He is not regarded as either a whiz kid or a dogmatist, since in spite of his age he has built up a solid reputation both for his work on forecasting and for his economic analysis.

His appointment was very much the decision of Sir Geoffrey Howe and his feilow Treasury ministers following a lengthy Whitehall debate. They wanted someone who broadly shared their economic outlook and who would give a new direction to the economic side of the Treasury.

But in no sense is Prof. Burns a political appointee or adviser. He will be a civil servant, though for a fixed period of four years. He has never publicly stated his political views, indeed his approach contradicts any idea that mooetarism is a party matter, and his views clearly infiuenced Mr. Denis Healey's later policy on sterliog.

Professor Bnrns is about as far away as it is possible to be from the Scrooge-like image of hardline monetarism conjured up by the Labour Left. The only subject nn which he is hardline is his commitment to Qneen's Park Rangers football club. He is a very approachable, amusing and relaxed man with a lively but practical intellect.

His appointment highlights the change in the nature nf the economic debate and in policy over the last decade. He was educated in the traditional Keynesian framework with its emphasis nn clearly defined income and expenditure relationships and on the short-term management of the level of demand in the economy.

The big change io his views came after the hreakdown of the Bretton Woods system of fixed exchange rates in 1971-72. He then began looking at the influences on floating exchange rates. This led him in an examination of the monetary Influences

Professor Burns came to conclusions from 1973 onwards about the impact of the money supply on the balance of payments and on the exchange rate and the consequent impact on the price level. In particular, Professor Burns and his colleagues at the Business School have become among the main UK protagonists of what is known as international monetarism which stresses the importance of the growth of the money supply in one country relative to that in other countries.

As director of the Business School's Centre for Economic Forecasting for the past three years Prof. Burns has also heen closely involved in the public debate about UK economic policy.

In collaboration particularly with Dr. Alan Budd, a former Treasury economist, he has done a lot of work on the connections between monetary and fiscal policy and on the inpact of price shocks, such as higher energy prices. This has led to criticism of the very short-time horizon of most governments.

Prof. Burns and Dr. Budd were among the earliest advocates—in October 1977—of the desirability of adopting medium-term financial plans. This would be a major innovation from the present practice of having all plans, apart from public spending, for only a year ahead. Instead, the Business School has urged that the Government should present plans for revenue as well as spending, for the rate of growth of the money supply and for public sector borrowing for several years ahead. This idea is now being considered by the Conservative Government

Professor Burns has also been critical of the present Government in some respects, notably the sharp rise in the Value Added Tax in the mid-June Budget. Echoing the views of many inside, as well as outside, Whitehall he and Dr. Budd said in July that "the Government had created severe problems for itself by combining policies that are needed to reduce public sector borrowing (which we unreservedly welcome) with a large switch from direct to indirect taxation."

More recently Professor Burns has become involved in a heated controversy over the appropriate level of public sector borrowing during a recessiou. While urging a medium-term downward path for borrowing he said that borrowing should be allowed to rise next year as a resnlt of a downturn in economic activity which would cut Government revenue and hoost spending.

This rise oeed not be alarming since other mooetary iofluences, such as hank lending, should be much less buoyant than at present and should offset temporarily higher borrowing. On his view what matters is the underlying or constant employment level of borrowing. This view, which would commend him to many Treasury and Bank officials, has heen criticised by some City monetarists as being too permissive.

Prof. Burns' activities as chief adviser on controversial issues like these will be only one side of his work. A large number of the 60 or so economists within the Treasury spend much of their time involved with the 582-equation forecasting model of the economy. There has been a growing feeling among politicians and officials that the model has almost become too large to be mastered and comprehended by non-specialists. But Prof. Burns has more experience than almost any other outsider with the technical aspects of model building and a large part of his job will be interpreting and explaining the results to Ministers and to other officials.

Prof. Burns' most delicate task will be to provide new direction for the Treasury's economic side. Treasury Ministers of both parties have felt that recent chief advisers have not given clear leadership to the generally very able economists under them. A further uncertainty is provided by the current general reassessment of the work of the economists in view of the scepticism of the Tory Ministers about traditional forecasting techniques. Prof. Burns will have to clear up these uncertainties.

Prof. Burns may be envied by many other professional economists for having landed a plum job so young but it is also a major challenge. He will take over on January 1—from Sir Fred Atkinson who is retiring—at a time when the Government is about to reach decisions on its medium-term plans. The Treasury is certainly not monolithic and monetarist viewpoints are now represented alongside neo-Keynesian views. But be is an outsider coming in with views which are not wholly shared by his senior official colleagues, though admittedly with ministerial backing.

The Treasury in the past has proved adept at handling and, occasionally neutralising, such outsiders. So a lot of people, inside and outside Whitehall, will now be watching to see how Prof. Burns tackles the discreet charm of the mandarins.

NORTH AMERICAN NEWS

Chemical sector well ahead

BY DAVID LASCELLES IN NEW YORK

THE CHEMICAL business remained strong during the third quarter of this year, although there are signs of a weakening in the U.S. market, according to several companies who reported their quarterly earnings yesterday.

Du Pont, the largest chemical company in the U.S., said that its net income was $251.6m (or $1.72 per share) up 21 per cent on last year's $208m or $1.42.

Sales were up 19 per cent at $3.1bn. However, the earnings gain included a 12 cent a share benefit from the recent change in the UK inventory tax law.

Mr. Irving Shapiro, chairman, said that the strongest growth had been in business outside the U.S. where the physical value of shipments rose 22 per cent and sales by 38 per cent to just over $1bn, with strength coming particularly from fibres, plastics, photo systems and electronic products.

At home, sales were up 12 per cent on last year's third quarter and down 5 per cent on the second quarter. Earnings on domestic business were 99 cents per share, down from $1.07 in the same period last year, and down from $1.01 in this year's second quarter.

Of Du Pont's operations, fibres showed some of the strongest gains, with worldwide sales rising 23 per cent to $1.03bn.

Mr. Shapiro warned, however, that rising material and energy costs combined with the softening of the U.S. economy "make it increasingly difficult to maintain the company's progress towards adequate profit levels."

Monsanto, fourth in the U.S. chemicals league, reported third quarter earnings of $98.9m or $2.73 per share compared with $46.8m or $1.28 last year. Sales were $1.6bn, up from $1.19bn. The third quarter benefited from heavy demand for basic commodity chemicals, continued growth in worldwide demand for round-up herbicide and for strong sales of speciality chemicals. Exports were also strong.

Celanese, the large fibre manufacturer, reported earnings $37m or $2.47 per share, up 12 per cent on $33m or $2.24 in the same period last year.

Sales were up 20 per cent at $778m. However, virtually all of this gain came from Celanese's chemicals operation, where earnings per share nearly doubled from 94 cents last year to $1.67 cents.

Fibres by contrast dipped sharply from $1.05 to 53 cents. Plastics and specialities also dropped from 35 cents to 27 cents.

Slowdown in earnings growth at Champion

By Our Financial Staff

CHAMPION International, the plywood and paper group, commented yesterday that while its results for the third quarter exceeded "those of a strong quarter a year ago," there was increasing evidence of an economic slowdown.

Total net earnings improved by 8 per cent to $60.7m for the quarter, with share earnings at $1.15 a share against $1.13 a share last time. At $963.1m sales showed a 7.5 per cent gain.

For the nine months to date Champion has lifted net earnings by 30 per cent to $204.2m or from $3.14 to $3.92 a share. Sales are 23 per cent ahead at $2.83bn.

The 1978 earnings totals exclude a charge of $13.5m or 28 cents on settlement of anti-trust action.

The effective tax rate was higher in the quarter than during the first six months of 1979 due mainly to a larger anticipated dividend from the company's Brazilian subsidiary.

Midland Marine

Shareholders of Marine Midland Banks have approved revised terms for the merger with Hongkong and Shanghai Banking Corporation, writes our financial staff. Under the new terms, Hongkong is to pay $25 a share for 3.12m shares and $34 a share for a further 6.7m shares, for a total of $305.8m. The offer is to remain open until June 30 of next year and Marine Midland is to seek a national charter.

Profits up one-fifth at Security Pacific

BY OUR FINANCIAL STAFF

MORE U.S. banks have reported higher earnings.

Security Pacific, which takes in Security Pacific National Bank—the tenth largest in the U.S. and the second biggest in California—boosted third quarter earnings by over one-fifth.

Net profit for the latest three months was $42m, compared with $34.4m in 1978.

At Manufacturers Hanover, which owns the fourth largest bank in the U.S., earnings advanced 17 per cent in the third quarter. They rose from a corresponding $47.59m $1.46 a share to $55.75m or with $34.4m in 1978.

Crocker National, parent of the fourth biggest bank in California and 13th largest in the U.S., turned in third quarter operating earnings of $21.64m, equal to $1.60 a share primary or $1.46 a share diluted. Corresponding figures for 1978 were $19.29m, equal to $1.49 a share primary or $1.32 diluted.

Wells Fargo increased third quarter operating earnings from $31.82m or $1.41 a share to $34.41m or $1.52 a share.

Elsewhere on the banking front, Bank of America, largest bank in the U.S., revealed that it had sold 51 per cent of its shares in Jamaican American Merchant Bankers to Desnoes and Geddes, Jamaica's largest beverage producer (26 per cent), and Insurance Company of the West Indies (25 per cent).

Advance at Caterpillar Tractor

By Our Financial Staff

CATERPILLAR TRACTOR, the largest manufacturer of earthmoving machinery and equipment in the U.S., said that third quarter sales, up 22.9 per cent from a year earlier, benefited from some advance buying by dealers in anticipation of a United Auto Workers' strike.

Sales advanced to $2.23bn against $1.82bn for the same period last year. Net earnings rose 20.5 per cent to $187.5m or $1.94 a share against $139.2m or $1.62. On a fully diluted basis, earnings per share increased to $1.87 against $1.55.

Over the nine months, sales advanced 19 per cent to $6.29bn against $5.29bn. Net profit rose to $465.2m or $5.38 per share against $406.8m or $4.74.

Strong quarter for Sperry

By Our Financial Staff

A FURTHER strong rise in earnings in the second quarter is reported by Sperry Corporation the business machinery group. Net earnings are 28 per cent up at $87m, on sales 22 per cent higher at $1.1bn. Share earnings for the quarter have moved up from $1.48 a share to $1.87.

Earnings have risen by 15 per cent to $112.2m in the first half of the year, on sales 10 per cent up at $2.2bn. Share earnings, at $3.39, have increased from $2.77.

Sperry said that its backlog of orders as of September 30 was $3.2bn, up 21 per cent.

Mr. J. Paul Lyet, chairman and chief executive, said that the strong backlog position at each division "provides an excellent foundation for continued earnings and revenue gains for the rest of this year."

Threat to Chrysler Financial

BY IAN HARGREAVES IN NEW YORK

CHRYSLER FINANCIAL, the dealer and customer financing arm of the Chrysler car company, is threatening to become a drain on the ailing parent company's finances. This has revived speculation that the subsidiary could be the next in line in Chrysler's asset disposal programme.

The subsidiary has been running more deeply into trouble in recent weeks because of the impossibly high costs of it raising funds since Chrysler's credit rating was cut earlier this year and because of the recent increases in U.S. interest rates.

Before the parent company's credit rating was cut, Chrysler Financial raised most of its funds through the $100bn a year U.S. commercial paper market.

In March the subsidiary had $1.6bn outstanding in this market, but since then the level has slumped to less than $200m.

The subsidiary has not issued any commercial paper for several weeks. Instead, it is having to rely on raising funds through conventional banking sources and is now in the process of completing a revolving credit package with a syndicate of several large U.S. banks.

The cost of these funds, however, since the increase to 14.5 per cent in the U.S. prime lending rate last week is such that Chrysler Financial has almost certainly started to lose money as it channels funds to purchasers of Chrysler vehicles.

The company's third quarter figures are currently being worked out and the financial subsidiary, company officials say, is likely to prove a negative factor and will certainly become negative in the fourth quarter.

The higher cost of Chrysler Financial's funds cannot easily be passed on in full to its dealers, who are already in revolt over the fact that they are to be charged more than 16 per cent for stock financing.

Because it is well run and respected, Chrysler Financial has long been regarded as one of the corporation's most saleable assets and there is speculation that one of the larger importers of cars into the U.S. may be a ready buyer if Chrysler confirms its wish to sell.

Some importers feel, however, that the subsidiary remains an unacceptably high risk.

The problems with Chrysler Financial can be added to a series of unhelpful developments for the parent company in the last few days, the most serious of which was the announcement by a group of Japanese banks that it would no longer underwrite the cost of Chrysler's Japanese imports.

Dollar Eurobond prices higher

BY FRANCIS GHILES

DOLLAR BOND prices posted gains of up to a full point yesterday while harder currency bonds, particularly in the Swiss Franc sector, deteriorated still further.

Gains in the dollar sector were attributed to short covering by dealers and some buying by institutional investors. But despite the marked easing of short term dollar interest rates and the steadiness of the U.S. currency, few in the bond market were suggesting the market had found a yield basis from which it could operate with any confidence.

The investors strike, which for some time has been a feature of the straight dollar sector of the market, seems to have spread with a vengeance to the harder currency sectors.

Higher interest rates in the U.S. seem to be having the effect of making investors cautious about investing in harder currency-denominated paper. A DM 150m public issue, expected through Deutsche Bank, was cancelled yesterday, the third foreign Deutsche Mark bond to suffer this fate this week. Fears that the Bundesbank may raise both the discount and Lombard rates today pushed secondary market prices of Deutsche Mark bonds down by up to half a point.

Worse hit this week seems to be the Swiss franc sector. Not only do rumours suggest that some recent foreign Swiss franc bond offerings have been heavily covered by subscriptions, but bonds just released into the secondary market are faring badly. The City of Oslo issue, priced at 99½ and which started trading on Tuesday, had fallen to 98 at yesterday's close, while the recent issue for Genossenschaftliche Zentralbank, priced at par, is trading at 96½-96¾.

Prime borrowers are now being asked to give higher coupons. For instance, Credit Suisse is currently arranging a SwFr 100m 12-year public issue for the World Bank which includes a coupon of 4½ per cent and an indicated price of par.

Such paper would yield 4.625 per cent. Only three weeks ago paper yielding 4.315 per cent for the same borrower was easily placed.

Three private placements are being arranged. Bank von Ernst is arranging a SWFr 50m six-year issue for the Republic of Ireland with a 4½ per cent coupon. Meanwhile, Swiss Bank has completed a SwFr 20m six-year issue with a 4½ per cent coupon for Nakamuraya, the Japanese confectionery and catering group.

Union Bank of Switzerland has completed a six-year SwFr 40m convertible issue for Hitachi Credit Corporation with a coupon of 4½ per cent.

In the yen sector, Nomura Securities is arranging a Y30bn ten-year bond for Brazil which carries a coupon of 8.1 per cent.

AMERICAN QUARTERLIES

C R BARD	1979 $	1978 $
Third quarter		
Revenue	50.1m	39.2m
Net profits	3.34m	3.09m
Net per share	0.34	0.32
Nine months		
Revenue	150.9m	141.0m
Net profits	9.69m	8.73m
Net per share	1.00	0.90

BROCKWAY GLASS	1979 $	1978 $
Third quarter		
Revenue	156.3m	138.5m
Net profits	3.75m	7.5m
Net per share	0.51	1.02
Nine months		
Revenue	432.2m	400.8m
Net profits	12.99m	21.01m
Net per share	1.76	2.86

BUCYRUS-ERIE	1979 $	1978 $
Third quarter		
Revenue	133.2m	124.5m
Net profits	16.61m	13.75m
Net per share	0.83	0.68
Nine months		
Revenue	411.7m	389.2m
Net profits	45.43m	39.83m
Net per share	2.23	1.96

CENTRAL SOVA	1979 $	1978 $
Fourth quarter		
Revenue	683.7m	633.9m
Net profits	4.4m	4.7m
Net per share	0.30	0.31
Year		
Revenue	2.45bn	2.2bn
Net profits	33.6m	29.9m
Net per share	2.23	1.94

CHESEBROUGH-PONDS	1979 $	1978 $
Third quarter		
Revenue	339.2m	287.7m
Net profits	29.61m	25.86m
Net per share	0.92	0.80
Nine months		
Revenue	872.5m	711.1m
Net profits	66.58m	56.54m
Net per share	2.06	1.75

CONRAC	1979 $	1978 $
Third quarter		
Revenue	35.4m	30.2m
Net profits	1.02m	1.37m
Net per share	0.45	0.63
Nine months		
Revenue	100.6m	87.0m
Net profits	3.32m	3.7m
Net per share	1.48	1.68

CONGOLEUM	1979 $	1978 $
Third quarter		
Revenue	153.4m	148m
Net profits	13.77m	11.03m
Net per share	1.17	0.94
Nine months		
Revenue	459.7m	434.2m
Net profits	37.85m	29.28m
Net per share	3.22	2.51

CROWN ZELLERBACH CANADA	1979 $	1978 $
Third quarter		
Revenue	162.6m	128.0m
Net profits	14.1m	9.3m
Net per share	1.70	1.14
Nine months		
Revenue	456.7m	371.4m
Net profits	40.8m	25.9m
Net per share	4.95	3.17

DOVER CORPORATION	1979 $	1978 $
Third quarter		
Revenue	166.31m	131.28m
Net profits	12.68m	9.8m
Net per share	0.71	0.55
Nine months		
Revenue	477.4m	387.3m
Net profits	40.98m	31.21m
Net per share	2.30	1.75

GENERAL PORTLAND	1979 $	1978 $
Third quarter		
Revenue	80.5m	69.8m
Net profits	9.4m	8.8m
Net per share	1.36	1.01
Nine months		
Revenue	200.2m	180.9m
Net profits	15.97m	12.58m
Net per share	2.32	1.84

W. W. GRAINGER	1979 $	1978 $
Third quarter		
Revenue	191.1m	160.8m
Net profits	12.59m	10.56m
Net per share	0.89	0.75
Nine months		
Revenue	535.8m	440.4m
Net profits	35.2m	27.13m
Net per share	2.49	1.93

KAISER CEMENT	1979 $	1978 $
Third quarter		
Revenue	71.3m	66.8m
Net profits	8.89m	12.3m
Net per share	1.23	1.89
Nine months		
Revenue	191.8m	168.8m
Net profits	27.16m	25.87m
Net per share	3.89	3.82

MAYTAG	1979 $	1978 $
Third quarter		
Revenue	92.8m	85.4m
Net profits	11.5m	10.4m
Net per share	0.86	0.78
Nine months		
Revenue	268.3m	235.2m
Net profits	31.8m	25.7m
Net per share	2.38	1.82

MEMOREX	1979 $	1978 $
Third quarter		
Revenue	185.0m	152.6m
Net profits	7.07m	8.91m
Net per share	0.87	1.30
Nine months		
Revenue	544.2m	450.0m
Net profits	29.38m	29.54m
Net per share	3.67	4.06

PUBLIC SERVICE ELECTRIC	1979 $	1978 $
Third quarter		
Revenue	592.1m	547.5m
Net profits	68.2m	70.8m
Net per share	0.87	0.95
Nine months		
Revenue	1.77bn	1.63bn
Net profits	185.6m	172.9m
Net per share	2.33	2.26

REPUBLIC STEEL	1979 $	1978 $
Third quarter		
Revenue	1.03bn	869.1m
Net profits	28.49m	30.58m
Net per share	1.76	1.89
Nine months		
Revenue	3.07bn	2.61bn
Net profits	110.89m	71.71m
Net per share	2.85	4.43

ROHM AND HAAS	1979 $	1978 $
Third quarter		
Revenue	391.9m	301.0m
Net profits	26.22m	13.89m
Net per share	2.03	1.08
Nine months		
Revenue	1.2bn	944.5m
Net profits	77.34m	44.75m
Net per share	5.99	3.48

TEXASGULF	1979 $	1978 $
Third quarter		
Revenue	191.3m	157.2m
Net profits	31.91m	12.85m
Net per share	0.84	0.34
Nine months		
Revenue	568.9m	431.3m
Net profits	83.54m	35.11m
Net per share	2.44	0.92

U.S. HOME	1979 $	1978 $
Third quarter		
Revenue	278.4m	197.0m
Net profits	11.39m	9.06m
Net per share	1.05	0.82
Nine months		
Revenue	687.0m	506.1m
Net profits	31.47m	21.21m
Net per share	2.83	1.91

UPJOHN	1979 $	1978 $
Third quarter		
Revenue	365.5m	325.7m
Net profits	34.45m	33.33m
Net per share	1.16	1.12
Nine months		
Revenue	1.12bn	989.7m
Net profits	118.03m	102.85m
Net per share	3.97	3.46

VF CORPORATION	1979 $	1978 $
Third quarter		
Revenue	158.0m	141.4m
Net profits	14.25m	9.66m
Net per share	1.43	0.98
Nine months		
Revenue	406.5m	361.3m
Net profits	29.17m	23.24m
Net per share	2.93	2.36

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89⅝	90⅛	+0½	−0⅞	11.79
Alex Howden XW 9½ 91	30	79	80	−1	0	13.09
Australian Res. 9¾ 84	30	93⅛	93⅞	+0½	+0⅞	11.44
Avco D/S Cap. 10¼ 87	40	*†84½	85	+0¾	+1½	13.56
Beneficial Fin. 8¾ 87	100	91½	92	+0⅛	−0⅜	11.39
CECA 10⅜ 91	150	87½	88	+0½	+1	12.80
CECA 9¾ 99	125	*83½	84	0	−1¼	12.25
Canadian Pacific 9¾ 89	50	89¼	89¾	+0⅛	−0⅜	11.60
Carter Hawley 9¾ 86	50	90⅛	90⅝	+0¼	−0⅛	11.83
Comalco Inv. E. 10⅛ 91	40	91¾	92¼	+0⅛	−1	11.51
Continental Grp. 9⅝ 86	100	92⅜	92⅞	+0¼	−0⅜	11.22
Dome Petroleum 10 84	50	89⅞	90⅜	+0⅛	+0¼	11.40
Dominion Bridge 10¼ 84	30	93⅝	94¼	+0⅜	+0⅛	12.00
Dow Chem. O/S 9⅜ 94	200	89½	90	+0⅜	−0¼	11.06
EIB 9⅞ 99	100	89½	90⅛	−2⅛	−4½	11.47
EIB 9⅞ 87	150	92½	93	0	−1⅞	11.63
EIB 10 99	150	90⅜	91⅛	−1⅛	−4¾	11.48
EIB 10¼ 87	100	93¾	94¼	−0⅜	−1⅞	11.66
EIB 10.15 99	100	91	81½	−2	−4⅝	11.57
Export Dv. Con. 9¼ 84	100	92⅝	92⅞	+0⅜	+0⅛	11.45
Export Dv. Cpn. 9¾ 84	150	84	94½	+0⅛	−0⅜	10.82
Finland 9½ 86	100	89⅛	89⅝	+0⅛	−1¾	11.93
Finland 9⅝ 89	100	87⅝	89⅝	−0⅛	−4¾	12.07
GTE Finance 9½ 84	50	91⅝	91¾	+0⅜	−0⅛	12.04
GTE Finance 9¾ 89	55	88¾	89¾	+0⅜	+0⅛	11.68
General Motors 9½ 86	100	89⅞	90⅝	+0⅜	−1⅝	11.42
Gould Int. Fin. 9¾ 85	50	91⅝	92⅛	+0⅛	−1⅝	11.85
Hoechst Fin. XW 6¾ 89	125	†72⅜	73¾	−1⅛	−0⅜	11.50
Hudson Bay Co. 10 84	50	89⅞	90⅜	+0⅛	−1⅝	11.41
ITT Antilles 9½ 89	75	†88½	89⅛	+0⅛	−0⅞	11.45
Kennecott Int. 9½ 86	100	87½	86	+0⅜	+0⅛	12.29
Manitoba 9½ 89	75	88⅞	89⅛	+0⅜	+0¼	11.42
Michelin 10 94	125	88¾	89⅜	+0⅞	−0⅛	11.57
Nat. Cos Telecm. 9⅛ 86	100	90⅜	91⅛	+0⅛	−0⅜	11.48
New Brunswick 9⅜ 84	75	86⅝	97⅛	+0⅜	−3⅝	11.66
Newfoundland 10 84	50	89⅜	90⅞	+0⅜	−1⅝	11.43
Norges Komm. 8⅞ 99	100	80⅛	90⅛	−1⅜	−5⅜	11.39
Norway 9¼ 84	150	93⅛	93⅝	+0⅜	+0½	11.41
Nova Scotia Pwr. 9⅜ 89	50	89⅜	89⅞	−0⅜	−1⅝	11.67
Occidental Fin. 10¾ 84	50	†88⅜	89¼	−1⅜	−1⅝	13.56
Orient Leasing 9⅞ 86	25	88	88¼	+0⅜	0	12.13
Pennwalt O/S F. 9⅜ 84	25	92⅝	93⅛	+0⅜	−0½	11.80
Pepsico Cap. 9⅜ 84	100	91½	92	+0⅜	+0¼	11.73
Quebec Hydro 10 99	75	87⅞	88⅛	+1⅝	+0⅜	11.54
Redland Fin. XW 8½ 91	25	82⅛	84½	+0½	−1½	12.24
Sears Roebuck 9 82	150	93⅜	33⅝	+0¾	+1	12.39
Statoil 9⅜ 89	100	90⅝	91⅜	+0⅛	−0⅜	11.17
Stockholm 9¾ 94	60	91	91½	−0⅛	−1¼	11.27
Sweden 9¾ 89	100	91	91½	+0⅜	−1¼	11.27
Sweden 9½ 88	200	91½	92	−0⅛	−2⅜	11.65
Sweden 9⅜ 84	100	94	94½	+0¼	−0⅜	11.34
Unilever NV 9¼ 87	100	90⅛	90⅝	+0⅜	−0⅜	11.15
Warner-Lambert 9 84	100	91⅛	91⅝	+0⅜	0	11.44

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	94⅝	95⅞	−0⅛	−0½	8.29
Asian Dev. Bk. 7¼ 89	100	†96	96½	0	−1⅜	7.81
Banco Desarrollo 7¼ 86	100	†91¼	81⅜	−0⅜	−2⅜	9.05
Barclays O'seas 6⅝ 89	100	92⅞	93⅛	+0⅞	−1⅜	7.79
Brazil 8 87	150	96⅝	97⅛	−0⅛	−2⅜	8.56
CECA 7 87	150	96⅛	96⅞	−0⅜	−1⅜	7.44
Council of Eur. 7¼ 89	100	97⅜	98	−0⅛	−0⅜	7.58
Council of Eur. 7½ 89	125	*†98	98⅛	0	0	7.76
Denmark 5¾ 85	100	†93⅝	93⅛	+0⅜	−0¼	7.26
Denmark 6½ 89	100	†93½	94	−0½	−0⅞	7.45
EIB 7½ 89	200	99¼	99¾	0	−0⅝	7.57
Eletrobras-Brazil 7 87	100	95⅜	96¼	−0⅜	−1	7.73
Eurofima 6½ 89	100	97⅝	97⅞	0	−1⅜	6.89
Kobe, City of 7¼ 89	150	95⅜	96⅛	−0½	−1⅛	7.71
Mitsubishi Chem. 6½ 84	70	97⅛	98	−0⅜	−0⅝	7.08
New Zealand 7⅛ 87	200	†96	96½	0	−1⅜	7.77
Nippon Kokan 6½ 84	100	94⅞	95⅜	−0⅝	−2⅝	7.92
Nippon Tel. & T. 5½ 87	100	87⅜	88⅛	−0⅜	−2⅜	7.70
Norges Komm. 7¾ 91	150	100½	101	+0⅜	−1½	7.64
Norway 6¼ 84	200	98⅜	99¼	+0⅛	0	9.50
OKB 6 87	40	†95	95½	+0⅜	+0¼	6.94
Petrobras 8 89	125	*†97	97⅛	−0⅛	−0⅜	8.40
Tokyo Elec. Pwr. 6½ 89	200	†95½	96⅛	0	−2¼	7.42
World Bank 7¾ 91	400	98¾	99⅛	+0⅛	−0⅞	7.89

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	99⅜	100	−0⅜	−1⅜	5.51
Asian Dev. Bank 3½ 94	100	85⅛	85⅜	−0½	−1½	4.93
Aumar 5 89	80	101⅜	101⅞	−0¼	−0⅜	4.77
Australia 3¾ 89	250	95⅛	95⅝	0	−0⅞	4.24
Bergen, City of 4¾ 91	40	101	101¼	−0⅜	−2	4.62
BNOE 5 89	75	94⅛	94⅜	+0⅛	−0½	6.78
Caisse Nat. Tele. 4¼ 89	100	†101	101⅜	−0½	−0⅜	4.23
Canada 3¾ 89	300	95⅜	96⅞	−0¼	−1¼	4.18
Denmark Mt. Bk. 4¾ 91	80	100	100½	+0½	−0½	4.72
EIB 4½ 91	100	99⅞	100½	−0¼	−1⅜	4.50
EIB 4¾ 94	100	96½	96⅞	−0½	−1¼	4.73
Etat. de France 4½ 89	100	101	101⅜	−0⅜	−0⅜	4.23
Heron 4¾ 89	35	91⅛	91⅝	−0⅛	−3½	5.40
ICI Fin. NV 3½ 94	230	89	89¼	0	−1¼	4.54
Int.-Amer. Dev. 4½ 83	100	99⅜	99⅞	−0⅛	−1	4.63
New Zealand 3⅞ 94	120	88½	89	−0½	−7	4.59
Nippon Tel. & T 4⅜ 89	100	†100¼	101	+0¼	−1⅜	4.14
Nordic Bank 5 89	45	†102	102½	−0⅛	−1⅜	4.70
Norwegian Mort. 4½ 91	45	*99¼	99⅜	0	0	4.59
OKB 3¾ 91	100	†92	92½	−0½	−4	4.84
Pfand Dst. Lande 4 90	80	95	95½	−0½	−0⅜	4.58
Philippines 4¾ 89	50	94⅞	94⅜	−0½	−2⅞	5.51
Shikoku El. Pwr. 4⅜ 89	100	101⅝	101⅞	−0⅛	−0⅜	4.52
Spain 4 91	100	95⅜	96⅜	+0¼	−0¼	4.45
Stowcag 4¾ 91	60	101½	101¾	+0¼	−1⅜	4.67
Voest-Alpine 4¾ 89	90	103½	104	−0⅜	−1⅜	4.26
World Bank 4⅝ 89	100	102⅝	102⅞	+0½	−0⅜	4.29
World Bank 4¼ 89	150	99¼	99½	0	−0⅞	4.45

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90⅛	91⅛	−0⅛	−1¼	8.42
Australia 6⅛ 89	20	87¼	88⅞	−1¼	−1⅜	8.52
EIB 7¾ 89	12	97½	98⅜	−0⅛	−0½	8.07
Finland 5.6 83	10	90½	81⅛	−0⅜	−1	8.47
Finland 6.8 88	10	89⅛	90¼	−0½	−0⅞	8.60

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95½	96½	0	−1¼	10.14
Avco Fin. 10¼ 86 CS	25	†88¾	88¼	+0½	−0½	12.91
Bell Canada 10⅜ 86 CS	60	92½	93	0	0	12.36
Cr. Foncier 10⅛ 84 CS	30	†89¾	90½	−0⅜	+0½	13.22
Ex. Dev. Cpn. 10 84 CS	50	†93½	94	−0¼	+0⅛	11.80
Fst. Can. Inv. 10 84 CS	50	†90⅜	91¼	+0⅛	+1	12.67
Hudson Bay 10½ 89 CS	60	†90⅜	90⅞	+0⅛	+1⅜	12.19
Quebec 10¼ 86 CS	50	†91	91⅜	+0¼	−0⅜	12.22
R. Bk. Canada 10 86 CS	40	92⅛	92⅝	+0⅛	0	11.69
R. Bk. Canada 10 94 CS	40	87¼	87¾	0	−0⅛	11.82
Copenhagen 8⅝ 91 EUA	25	97⅜	89⅜	0	+0¼	8.52
Copenhagen 8¾ 91 EUA	20	104¾	105¼	0	+1	8.11
SDR France 8½ 94 EUA	24	†101½	102⅝	0	+0⅛	8.22
SOFTE 8¼ 89 EUA	40	94	95	−0⅛	−0⅜	9.13
Algemene Bk. 8¼ 84 Fl	75	97	97½	+0⅛	−0¼	8.96
Amev 8½ 86 Fl	75	98	98½	+0⅛	+0⅛	8.84
EIB 7¾ 85 Fl	75	91⅞	92⅜	+0⅜	−0⅛	9.01
Ned. Middbk. 8⅜ 84 Fl	75	96⅝	97⅛	0	−0⅛	8.11
Norway 8¼ 84 Fl	100	97⅜	98¼	0	−0⅛	8.79
Norway 8¼ 84 Fl	100	97⅛	97⅝	+0⅛	−0⅜	8.82
Air France 11 84 FFr	120	†99⅛	99⅝	+0⅛	−0⅛	11.16
Euratom 9¾ 87 FFr	150	90⅝	91⅝	0	−0⅛	11.54
Norway 9¼ 84 FFr	200	92¾	93¼	+0⅛	+0⅛	11.43
PSA Peugeot 9¾ 87 FFr	175	†88⅛	89½	−0⅛	−0½	12.08
Renault 9¾ 85 FFr	100	92⅝	93⅛	0	−0⅛	11.56
Saint-Gobein 8⅞ 86 FFr	130	88⅞	89⅞	0	−0⅛	12.16
Solvay et Cie 9¾ 87 FFr	125	88⅜	89⅜	−0⅜	−0⅛	12.00
Total Oil 9½ 87 FFr	150	86¾	87¾	0	−0⅜	12.04
Citicorp 10 93 £	20	85⅛	88⅛	+1⅜	+3½	12.19
EIB 9¾ 89 £	25	85⅞	86⅝	+0⅜	−1	12.47
EIB 11½ 91 £	25	90⅝	81⅜	+1⅜	+0⅜	13.01
Finance for Ind. 13 91 £	15	98½	99	+0½	−0⅜	13.18
Fin. for Ind. 12½ 89 £	30	95⅜	95⅞	+1⅜	+1⅛	13.30
Gen. Elec. Co. 12½ 89 £	50	95⅝	96¼	+1⅜	+1½	13.23
Indonesia 8½ 81 KD	7	†94½	95	0	0	9.50
Mitsubishi 7½ 84 KD	10	†95¼	95¾	0	0	8.67
Norges Kom. 7½ 89 KD	12	†93¼	93¾	0	0	8.51
Occidental 8¼ 91 KD	7	†92½	93	0	−0⅛	9.29
Euratom 8 87 LuxFr	500	89¾	90⅜	+0¼	−2½	9.90
Norges Kom 8 86 LuxFr	500	87	88	−0½	−4⅜	10.57
Oslo, City of 8 89 LuxFr	500	89	90	−0⅛	−5⅜	9.73
Solvay Fin 8 85 LuxFr	500	92	93	+0¼	−2⅛	9.69

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BNOE 6 89	0¼	*†94⅜	95¼	21/12	13.38	14.08
Banco di Roma Int. 6 87	0⅜	98⅝	99⅛	26/10	11.18	11.31
Bco. Nac. Argent 7 86	0¼	96⅛	86⅞	22/3	13.19	13.67
Banco Prov BA 7¼ 86	0¼	97⅛	97⅝	12/12	11	11.30
Banco Urquijo 6 86	0¼	97⅝	98⅛	21/3	13⅛	13.67
Bque. Indo Suez 5¾ 89	0⅜	97⅞	98⅜	11/1	1	11.21
Banque Sudameris 6 87	0¼	95⅞	96¼	11/1	11⅛	11.57
BNP 5½ 91	0⅜	96⅞	97⅜	22/2	11.94	12.29
Citicorp O/S Fin. 6 84	‡0¼	98⅜	99⅜	8/12	12.81	12.84
Citicorp O/S 83	‡0	99	99½	23/11	11.88	11.97
Creditanstalt 5⅜ 81	‡0¼	98	98½	14/12	12.94	13.17
GZB 5½ 89	‡0¼	98	98½	1/11	11.44	11.94
Jugobanka 8 89	0⅜	94⅜	95⅛	23/11	11⅞	12.47
LTCB Japan 5½ 89	0¼	98	98½	7/12	11⅜	11.32
Mfrs. Han. O/S 5¼ 84	‡0¼	98⅝	99⅛	23/11	12.56	12.71
Nacional Fin. 6⅜ 86	0¼	96⅞	96⅜	25/1	11½	11.93
Nat. West. 5⅜ 94	0⅜	98	99½	11/1	14.84	15.21
Nippon Cred Bk. 6¼ 86	0¼	96⅞	87⅜	12/1	10⅞	11.20
Royal Bank Scot. 5¼ 94	‡0¼	96⅝	99⅜	11/1	14.94	15.11
Soc. C. de Bque. 6½ 87	0¼	97⅛	97⅝	3/4	13⅝	13.91
Sogenal 5¾ 89	0⅜	96⅜	96⅞	11/1	10.81	11.19
Sumitomo Heavy 9½ 84	0⅜	†99	99½	13/3	13.06	13.16
Texas Int. Airways 7 86	‡0⅜	†96⅛	97	11/1	15.56	16.08
TVD Pwr. 9 91 (D-lock)	0⅜	†97	97½	24/11	11⅛	11.44
Utd. Overseas Bk 6 89	‡0⅜	97⅛	97⅝	29/12	12.94	13.29
Williams & Glyn 5¼ 81	0⅜	97⅞	98⅜	14/3	13.38	13.63
Bq. E. d'Alg. 4¾ 89 SF	0⅜	95	95½	18/12	4⅜	4.46

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	92½	94	+0⅛	−1.88
Asahi Optical 7 94	11/78	605	85¾	86½	−2	0.72
Canon 6⅜ 94	8/79	570	89⅜	90⅛	−1⅜	−2.02
Ciba-Geigy D/S F. 4 94	8/79	675	†92½	94	−0⅜	−1.13
Credit Suisse 4⅜ 93	10/78	1325	106⅞	107⅞	−1⅜	3.86
Daiei Inc. 6½ 94	11/79	1020	93⅜	94	+0⅛	8.06
Esselte 7¾ 89	9/79	159	94	95½	+0⅜	3.53
Honda Motor 5½ 99	5/79	532	90⅜	91½	−1⅛	1.39
LPC International 8 89	9/79	35	†96⅛	99	−1⅜	13.31
Meidensha Elec 7 94	12/79	210	92⅜	93⅜	−2⅛	16.36
Mitsubishi Co. 6½ 94	10/79	604	143⅜	144⅞	−0⅜	−1.18
Nippon Seiko 7¾ 94	12/79	339	*89⅜	90⅛	−2⅜	5.75
Nitto Elec. Ind. 6 94	7/79	735	79⅜	80⅛	−2	8.53
Union Bank Switz. 5 89	2/80	125	108⅝	109⅝	+0⅜	6.69
Fujitsu 5 84 DM	7/79	475	101	103	−0½	23.80
Kansai Elec 4 84 DM	4/79	1350	†87⅞	89⅛	0	68.66
Nippon Yen. 3½ 85 DM	1/79	251	†78	78½	−32⅛	−31.87
Sharp Cpn. 3½ 88 DM	2/79	487	†87⅛	88½	−3	27.86
Tokyo Elec. 3½ 87 DM	4/79	476	†93	93½	−0⅜	74.20
Tokyo Ld Co. 4 86 DM	4/79	493	†80	81	−1	33.55
Uny Co. 6½ 85 DM	11/79	1071	100¾	101⅛	+0½	18.18

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UNDERWRITING IN THE U.S.

The $7m cost of picking up the IBM tab

BY DAVID LASCELLES IN NEW YORK

"A FEW weeks ago, everybody was laughing at IBM. Today, IBM is laughing at us."

This wry comment from a Wall Street broker last week seems to sum up the extraordinary saga of IBM's $1bn bond issue. An offering which promised to set a new landmark in Wall Street, but ended up slapping underwriters with their biggest loss ever.

IBM can afford to feel satisfied. It got its money for a shade under 9.5 per cent. True, this would not have been much to smile about a few months ago. But had IBM come to the market only one week later it would have had to pay closer to 10 per cent, so precipitously did bond prices drop in the days following its announcement.

In one sense, IBM was plain lucky. The bond issue came just before the Fed's October 6 credit package which pushed interest rates up to record levels.

But the market also gives the computer maker credit for the boldness of its decision to seek long term money at a time when many people thought interest rates were close to their peak. In fact, IBM was acting on the advice of Salomon Brothers, the Wall Street investment firm, whose chief economist Henry Kaufman predicted last Christmas that interest rates would hit record highs by the end of this year.

Whatever Wall Street thought of the timing, everyone wanted to be in on the issue. Here was a top corporate borrower, rated Triple A, who had never tapped the capital market before—a sure thing if ever there was one. No fewer than 227 underwriters chipped in, many of them from abroad. They ranged all the way from co-managers Salomon Brothers and Merrill Lynch—who each underwrote $125m of the issue—right down to less known regional houses.

In fact, so secure did the issue seem that the prospectus was a slim 14 pages long, of which fewer than two pages were about IBM and its ability to repay its debts.

The issue was priced on October 3 and launched on October 4. But already the market was weakening. At the

> **IBM's record breaking $1bn bond issue was priced on October 3 and launched for sale a day later—on the eve of the Federal Reserve Board's announcement of a severe credit squeeze. As a result, Wall Street underwriters have had their fingers badly burned**

end of the first day, Salomon Brothers estimated that only 80 per cent of the issue had been sold. In fact, this was an overstatement, the true figure was closer to 70 per cent. By October 5, the market had already left the issue far behind, and when the Fed's credit package came out on October 6, its chances faded for good.

After that, it was only a question of how long the underwriting syndicate would hold on to the $250m of unsold bonds in the market. But with stocks and bonds falling out of bed like seldom before, the syndicate cracked, and the IBM issue was freed for resale on October 10, where it plummeted five points within minutes.

According to Salomon, the underwriting group as a whole lost $12m on the unsold portion of the issue, and made $5m on the portion it sold, leaving it with a net loss of $7m. Two-thirds of this loss, it said, would be borne by Merrill Lynch and Salomon Brothers themselves. Fortunately for Wall Street, these two houses have the largest capitalisation in the U.S. Some $700m between them.

But though Salomon blamed the fate of the issue on market conditions beyond their control, they can salvage some credit from the whole affair.

Sensing that interest rates were heading higher, they brought the issue date forward from mid-October to the beginning of the month and priced it slightly below the market to allow for any price slippage. At the time, the move seemed academic, but in retrospect it probably saved the issue from total disaster because it pre-empted the Fed package. Few people care to speculate what would have happened if Salomon had stuck to the original date. But the fact that Wall Street was alive with rumours last week that the whole deal had been called off gives a clue to the tension.

In one way, the loss sustained by Salomon and Merrill Lynch is ironic since they only came to be lead managers of the issue after it was turned down by Morgan Stanley, IBM's traditional investment bankers. As a matter of policy, Morgan Stanley prefers to be sole manager for its clients' debt issues. But IBM, acting on Salomon's advice, wanted two managers because of the size of the issue. So, by sticking to what many people consider to be an outmoded policy, Morgan's saved itself huge losses, though it did not indicate that any writer ... $40m of the issue, it will have borne some of the brunt.

Commented Mr. John Rosenstreich, the Salomon partner in charge of the IBM account: "The issue proved two things. One is the wisdom of using co-managers. The other is that the function of investment banks to take risks can be met under the most difficult circumstances."

Swedish Match stages recovery

BY VICTOR KAYFETZ IN STOCKHOLM

REPORTING a near doubling of its eight-month operating profit from SKr 82m to SKr 149m ($35m), due to restructuring measures and a general upswing in the economy, the Swedish Match group predicts for 1979 as a whole "a clear improvement" over last year's operating profit of SKr 194m ($46m).

The group, whose main products include matches, plastic and wood-based interior furnishings, packaging, lighters and industrial machinery, adds that development so far this year has not indicated that any extraordinary restructuring costs, not already provided for, will arise.

In the past two years, Swedish Match has disposed of its minority share in the UK company Wilkinson Match, sold the loss-making home furniture operations, and cut its West German and Swedish ... major reorganisation of its divisions.

This year, consolidated operating profit ... SKr 63m in January-April to SKr 85m in May-August ... compared with SKr 21m in the corresponding ... four-month periods of 1978.

Eight-month sales rose 10 per cent to SKr 3.76bn ($897m) ... Earnings after financial items more than trebled from SKr 32m to SKr 103m ($24m).

Turnover for 1978 was SKr 5.58bn.

The group recorded a ... during the eight months of SKr 24m, against a loss of SKr 51m. This left a profit before allocations and taxes of SKr 127m compared with a loss of SKr 49m.

The biggest division, Swedish ... had January-August sales of SKr 1.24bn ... Operating profit jumped from SKr 2m to SKr 17m mainly as a result of restructuring.

The Kalmarhus division, office furniture and distribution ... reported improvements, but doors and windows were adversely affected by the severe winter ... building industry in Europe. Particle board prices remained ... lower ... some increases.

Turnover of the ... division showed a 25 per cent rise in turnover to SKr 260m but ... raw materials costs meant that ... operating result only rose by SKr 3m to SKr 38m. A ... ... has helped ... but has not yet achieved its full impact.

Matra lifts first-half earnings

By David White in Paris

MATRA, the aggressively acquisitive missile and electronics group whose profits have risen ten-fold in the past five years, reports a sharp rise in parent company earnings for the first six months of 1979.

Sales for the parent company rose by 18 per cent to FFr 1.25bn while net profits increased to FFr 74.6m, a 17 per cent advance. Matra repeats its forecast of a 20 per cent rise in sales and profits for the whole of 1979.

The group also confirmed its intention to raise FFr 200m ($47.5m) through the issue of a convertible loan stock. The funding, approved in principle at Matra's annual meeting last June, would be made "very soon," the company stressed.

A special shareholders' meeting is to be called for the end of the year to approve a separate capital increase, part of a financial operation giving Matra a 25.5 per cent shareholding in Jaeger, the car and aircraft instrument manufacturer.

This operation, aimed at reinforcing Matra's increasingly diversified electronics interests, involves setting up a joint holding company between Matra and the West German instrument group VDO-Adolf Schindling. This holding company will control 51 per cent of Jaeger.

As part of the FFr 50.7m deal, the German group will be paid newly created Matra shares, giving it a stake of about 3 per cent.

Matra, which last month won an important French telecommunications contract in the face of stiff competition from the state-run Aerospatiale group, has this year stepped up noticeably its broad expansion away from weapons sales.

Apart from the link with Jaeger, the group has set up an integrated circuit production company with Harris group of the U.S., agreed to buy out Depaepe, the largest telephone manufacturer in France and increased its shareholding in a private European radio station.

Turnover in the telecommunications field is expected by Matra to comfortably top FFr 600m this year, compared to FFr 44m out of total group sales of FFr 3.2bn in 1978.

BMW expects car sales to increase

By Our Financial Staff

THE WEST GERMAN motor group, BMW, expects car sales to rise by 4 per cent for this year and to hold broadly level during 1980.

Car sales should total over 335,000 this year, Mr. Eberhard von Kuenheim, executive board chairman, writes in an article in the BMW house magazine. He explained that this prospect corresponds to the company's production possibilities.

Next year BMW expects no dramatic decline in total domestic registrations and foresees its own sales remaining at the 1979 level.

Drop in production at Italsider

BY RUPERT CORNWELL IN ROME

ITALSIDER, the state-owned major Italian steel producer, yesterday reported a drop of almost 10 per cent in output in the first half, despite a rise in sales by value of around 20 per cent to L1,546bn ($1.9bn).

The Genoa-based group said that steel production in the first six months had fallen by 9.6 per cent or 500,000 metric tons from the level of the comparable period of 1979—and were 600,000 tonnes below the target fixed at the start of this year.

The reason, according to Italsider, lay in the labour disruption in the months before the conclusion of a new three-year contract in July. But the group has also been heavily handicapped by the chronic problems of its Bagnoli plant at Naples, and the high level of its indebtedness.

Although it gave no figures, the company, which produced 10.4m tonnes of steel in 1978, implied that it would again report a substantial loss for 1979. The deficit of L349bn ($430m) last year, which followed one of L395bn in 1977, was a major contributor to the financial difficulties of Italsider's parent, the state conglomerate Istituto per la Ricostruzione Industriale (IRI).

Although investments in the first half totalled L103bn, and margins improved somewhat, Italsider spoke of damaging increases in certain production as well as financial costs.

Overall indebtedness remained little changed, although medium and long-term borrowing at L2,294bn ($2.9bn) at the end of June represented 61 per cent of total debt, against 58 per cent at the end of 1978.

● The Milan-based Bent Immobili Italia (BII), the real estate group controlled by the Bonomi-Bolchini family, is launching a public tender to strengthen its interest in Subalpina Investimenti, a holding company, AP-DJ reports from Milan.

BII already holds a 71.02 per cent stake in Subalpina, and the operation is felt to be aimed at a total merger of the two companies. BII is offering L3,000 per share for an unlimited amount of Subalpina stock. Subalpina shares are currently quoted at L2,800.

The tender will last from October 19 to November 8.

Bayernhypo margins squeezed

BY ROGER BOYES IN BONN

THE Bayerische Hypotheken und Wechselbank (Bayernhypo), Bavaria's leading mortgage bank, recorded an increase of almost 11 per cent in its balance sheet total for the first nine months of this year, compared with a 12 per cent rise in the same period of 1978. But despite the more or less stable growth in business volume, the bank is complaining of increasing pressures on its interest margins, which will eat into its 1979 profits.

The Bayernhypo complaint is echoed by the three big commercial banks in West Germany—Commerz, Dresdner and Deutsche—who have already made clear that bank profits are lagging well behind the growth in business volume.

Bayernhypo, with its strong focus on mortgage business, is in a slightly different position from the big three. Due to a mortgage boom, the net surplus on interest earnings has edged up this year—after nine months, the surplus is to a "happy" position, in the words of Dr. Wilhelm Arendt, the board spokesman. Although he gave no figures, the first six months clearly show the trend. The bank recorded a surplus of DM 393.9m ($220m) compared with DM 382.5m in the first half of 1978.

But Dr. Arendt made clear that non-mortgage profits would suffer from the interest margin malaise, and that shareholders should not expect such a good year as last year. Bayernhypo has followed a constant policy of acquiring small, well-run concerns (the latest came last summer with a 25 per cent stake in the Westfaelische Hypothekenbank), and some of these, including several breweries, have proved to be exceptionally profitable this year. Dr. Arendt stressed, however, that profits from these concerns would not lead to a raising of the dividend this year, but would instead be ploughed back into the banking business.

● New orders received in the 10 months to September 30 by the industrial plant concern Deutsche Babcock rose by 45 per cent to DM 5.66bn, Reuter reports from Frankfurt. The company said that business developed satisfactorily in the period, and turnover at the end of July was 33 per cent up at DM 2.26bn. The rate of new order growth was not maintained in August and September, however, Deutsche Babcock said.

Domestic orders in the 10 months were 65.5 per cent up at DM 2.47bn, while export orders rose by 32.5 per cent to DM 3.19bn.

The order book at the end of July was DM 11.82bn, 21.9 per cent higher than a year earlier. The company said that estimates of results in the business year just completed are not available.

Deutsche Bank subsidiary profits steady

BY NICHOLAS COLCHESTER

DEUTSCHE BANK Compagnie Financiere Luxembourg, the Luxembourg based Eurocurrency subsidiary of the big German bank, could only maintain its D-Mark profits in its latest business year, despite a 17.6 per cent increase in the subsidiary's balance sheet total.

The preliminary figures for the year to September 30, 1979 indicate that distributable profit will be slightly over the DM 33m ($18m) which the bank achieved last year, all of which will be ploughed back into the bank's reserves.

The bank's management described this outcome as "not unsatisfactory, but also not good." They said that the profit was symptomatic of the decline in lending terms on the Eurocurrency market, and that it was also affected by the fall of the dollar.

The bank's management started the business year expecting an improvement in lending terms in the Eurocurrency market. They were disappointed, and accordingly reduced their participation in the loan market. During the year the subsidiary lead managed or co-lead-managed loans totalling DM 10.3bn, down from DM 23.7bn in the previous year.

For this year the management is taking a less positive view of likely developments in the market's lending terms. On the one hand, they reckon that banks are increasingly coming up against their country lending limits, which should lessen competition in the loan market. On the other hand, they do not see any deterioration in the supply of dollar deposits to the Euromarket—partly because of the newly-increased oil surpluses which will need to be invested.

PNB buys Belgian bank stake

BY OUR FINANCIAL STAFF

PHILADELPHIA National Corporation, parent of the Philadelphia National Bank (PNB), has acquired a 10 per cent interest in Banque Nagelmackers SA, the ninth largest bank in Belgium, ranked by deposits, for approximately $1.8m.

Banque Nagelmackers, which had assets in excess of $500m as of June 30, conducts a full range of commercial banking business through 59 branches in Brussels, Liege, Namur and elsewhere in French-speaking Belgium. Although its primary emphases have been in the commercial, industrial and consumer areas, it is active also in funds management, international lending, foreign exchange and bond underwriting.

Banca del Gottardo plans one-for-15 rights issue

BY JOHN WICKS IN ZURICH

THE SWISS BANK, Banca del Gottardo, plans a SwFr 9.1m ($5.5m) rights issue in the light of a 10 per cent increase in balance sheet total to SwFr 2.36bn ($1.45bn) during the first nine months of this year.

The one-for-15 issue, to be made to existing holders of shares and participation certificates next month, will be in 50,000 Bearer shares of SwFr 100 par value at SwFr 182 each.

At the same time as this rights issue, which will raise the Gottardo equity to a total of SwFr 233m ($145m), shareholders will be asked at an extraordinary general meeting on November 6 to approve the creation of new capital of up to 50,000 participation certificates of SwFr 100 nominal value. The board would be empowered to issue these to the exclusion of stockholders' drawing rights.

The bank indicates that this further capital could be used in connection with a future convertible or option issue. A convertible issue by the Bahamas subsidiary, Gotthard Bank International dating from 1977, has in the meantime been fully converted.

Upsurge in Swiss bourse activity

BY OUR ZURICH CORRESPONDENT

SWISS BOURSES have reported a sharp increase of trading activity in the first three quarters of this year. Turnover on the Zurich stock exchange totalled SwFr 57.91bn ($33.6bn) for the nine-month period, a rise of 17.9 per cent over the corresponding 1978 total, while the number of bargains went up from 182,114 to 191,935.

On the Basle exchange, turnover was higher for the period by as much as 27.8 per cent, at SwFr 19.68bn ($12bn) against SwFr 15.39bn in January-September of last year, the number of bargains rising from 56,213 to 61,715.

Latest figures from the Geneva stock exchange, which does not publish turnover, are of 65,474 bargains for the first eight months of 1979, as compared with 57,888 for the same period of last year.

OECD SURVEY

Borrowing increases

BY OUR EUROMARKETS STAFF

THERE WAS a surge in borrowing on the international capital markets between the second and third quarters according to figures released today by the Organisation for Economic Co-operation and Development (OECD). The total figure for the quarter was $36.12bn—41 per cent up on the figure of $25.64bn recorded for the second quarter.

Over the first nine months of this year, international borrowing has totalled $87.27bn, compared with $71.4bn in the same period of 1978. This includes $53.0bn in bank loans and $46.3bn last year and $20.4bn in external bond issues against $25.12bn.

In September alone, international borrowing was off by 4 per cent to $11.88bn from $12.36bn (revised) in August. Mexico was the largest single borrower from international banks in September with $1.58bn, bringing its total for the third quarter to $3.78bn and for the first nine months to $8.77bn.

The OECD figures show a sharp drop in international borrowing by East European countries, with only $444m during the third quarter, compared with $1.26bn in the second quarter and $1.33bn in the first quarter.

Oil-producing countries continued to borrow heavily, with $2.19bn during the third quarter, bringing the total for the first nine months to $5.13bn.

Members of the OECD borrowed $9.25bn during the third quarter, for a nine-months total of $19.13bn.

AMERICAN QUARTERLIES

AMERICAN CYANAMID

	1979 $	1978 $
Third quarter		
Revenue	720.7m	624.6m
Net profits	39.1m	36m
Net per share	0.82	0.75
Nine months		
Revenue	2.1bn	1.9bn
Net profits	123m	112m
Net per share	2.57	2.34

AMERICAN HOME PRODUCTS

	1979 $	1978 $
Third quarter		
Revenue	936.7m	842.4m
Net profits	103.98m	92.03m
Net per share	0.66	0.58
Nine months		
Revenue	2.7bn	2.42bn
Net profits	294.7m	259.45m
Net per share	1.87	1.64

CRANE

	1979 $	1978 $
Third quarter		
Revenue	427.7m	311.3m
Net profits	17.0m	8.5m
Net per share	1.70	0.83
Nine months		
Revenue	1.17bn	921.8m
Net profits	41.6bn	25.1m
Net per share	4.15	2.43

CROWN ZELLERBACH

	1979 $	1978 $
Third quarter		
Revenue	741.3m	600.4m
Net profits	33.1m	7.7m
Net per share	1.30	0.30
Nine months		
Revenue	2.1bn	1.84bn
Net profits	99.6m	67m
Net per share	3.91	2.62

FLINTKOTE

	1979 $	1979 $
Third quarter		
Revenue	259.1m	217.6m
Net profits	24.73m	15.53m
Net per share	3.45	2.18
Nine months		
Revenue	632.6m	540.4m
Net profits	46.49m	29.26m
Net per share	8.49	4.11

GEORGIA-PACIFIC

	1979 $	1978 $
Third quarter		
Revenue	1.39bn	1.2bn
Net profits	85m	78m
Net per share	0.82	0.76
Nine months		
Revenue	3.84bn	3.23bn
Net profits	257m	227m
Net per share	2.45	2.20

HERCULES

	1979 $	1978 $
Third quarter		
Revenue	605m	491m
Net profits	69.4m	32.3m
Net per share	1.56	0.73
Nine months		
Revenue	1.75bn	1.44bn
Net profits	145.7m	78.5m
Net per share	3.29	1.79

E. F. HUTTON

	1979 $	1978 $
Third quarter		
Revenue	211.7m	146.8m
Net profits	11.5m	11.1m
Net per share	1.77	1.61
Nine months		
Revenue	530.2m	382.2m
Net profits	26.13m	24.55m
Net per share	3.98	3.58

LIBBEY-OWENS-FORD

	1979 $	1978 $
Third quarter		
Revenue	275m	265.5m
Net profits	7.09m	24.54m
Net per share	0.54	2.10
Nine months		
Revenue	—	—
Net profits	49.05m	49.98m
Net per share	4.10	4.18

ELI LILLY

	1979 $	1978 $
Third quarter		
Revenue	509.4m	427.3m
Net profits	70.5m	61.0m
Net per share	0.96	0.84
Nine months		
Revenue	1.66bn	1.38bn
Net profits	259m	213m
Net per share	3.55	2.92

MOTOROLA

	1979 $	1978 $
Third quarter		
Revenue	661.5m	537.2m
Net profits	36.49m	30.34m
Net per share	1.24	0.98
Nine months		
Revenue	1.95bn	1.58bn
Net profits	118.04m	91.71m
Net per share	3.80	2.96

NORTHROP

	1979 $	1978 $
Third quarter		
Revenue	371.2m	463.7m
Net profits	30.7m	22.2m
Net per share	1.46	1.56
Nine months		
Revenue	1.12bn	1.35bn
Net profits	69.8m	63.1m
Net per share	4.91	4.46

VONTOBEL EUROBOND INDICES
145.76=100%

PRICE INDEX	9.10.79	15.10.79	AVERAGE YIELD	9.10.79	15.10.79
DM Bonds	99.82	98.02	DM Bonds	7.368	7.515
HFL Bonds & Notes	97.00	96.57	HFL Bonds & Notes	8.945	9.042
U.S. $ Strt. Bonds	92.35	90.80	U.S. $ Strt. Bonds	10.356	10.871
Can. Dollar Bonds	92.85	90.80	Can. Dollar Bonds	11.092	11.463

Fuji Bank subsidiary to issue Swiss bond

By Richard C. Hanson in Tokyo

JAPANESE city banks are about to win approval from the authorities for their overseas subsidiaries to issue foreign currency denominated bonds. Fuji Bank's Swiss subsidiary will become the first to float such a bond, on final approval from the Ministry of Finance, which is expected by the end of this month.

Fuji Bank (Switzerland) plans to issue a 10-year, SwFr 20m bond next month, with Credit Suisse as manager of the underwriting group. The bond will be unsecured and without the guarantee of the parent bank. The funds will be used to match long-term lending in Swiss francs.

The Swiss subsidiary has already been given a slot in the quarterly list of bond issues in Switzerland, and the parent Fuji Bank has approached the Japanese authorities for approval. The Finance Ministry (which until now has used the guidance system to prevent overseas bank subsidiaries from issuing bonds) does not, however, appear ready to allow the city banks themselves to issue foreign bonds.

Under Japanese banking practice, only the long-term credit banks and the Bank of Tokyo are able to issue bonds at home or abroad. The big city banks, which form the core of Japan's commercial banking community, have long fought for the right to issue such bonds, and approval for the overseas subsidiaries to raise funds through bond issues would mark an advance toward that goal.

The securities industry has long opposed any moves which might allow banks to cut into their territory, with the battle lines extending into the Finance Ministry itself, and involving the Banking and Securities Bureaux. The Banking Bureau is taking its cue for approving the bond issues by city bank "foreign units" from a recommendation made by a semi-private advisory committee on banking during the summer.

Fuji Bank officials said the fact that the Swiss unit's planned bond does not carry the soundness of the subsidiary, the parent's guarantee reflected which was created in 1972.

It is expected that other city banks will follow suit quickly, once the Ministry of Finance makes its decision final.

Japanese to lengthen life of national bonds

TOKYO — The Japanese Finance Ministry is expected to cut the amount of medium-term national bond flotations during fiscal 1979 ending next April by more than Y1,000bn ($4.3bn) from the planned total issues of Y2,700bn, according to local underwriters.

The shortfall will be covered by an increase in the issue of 10-year national bonds, to keep the total national bond flotation in the year at the originally-planned Y15,270bn, unless a rise in national tax revenue makes it possible to cut the total issue, they said.

The Ministry's original plan provided for the flotation of Y500bn of two-year bonds; Y1,700bn of three-year bonds, and Y500bn of four-year bonds, all through competitive auction.

Actual issues of medium-term bonds in the first seven months (April to October) of Fiscal 1979 were only Y194.40bn of two-year bonds and Y563.30bn of three-year bonds, for a total of Y757.70bn or only 28 per cent of the projected amount. No four-year bonds have been issued.

This is because the yields at issue of medium-term national bonds have risen sharply, reflecting higher short-term money rates in Japan, and the ministry rejected some higher yield bids at the auctions in an effort to keep yields within a rigidly-controlled interest rate structure, the underwriters said.

Mr. Masahiko Seki, president of the Federation of Bankers Associations, said that the ministry could have issued Y550bn more of medium-term bonds, if it had strictly observed the rules of competitive auction.

Reuter

Hongkong Electric offers loan stock with warrants

BY PHILIP BOWRING IN HONG KONG

HONGKONG Electric is to make a rights issue of HK$ 635m ($127m) of 9.25 per cent unsecured loan stock 1988/92 with warrants attached.

The issue is a record size for Hongkong and is likely to bring a pause for consideration in the recently buoyant stock market. The issue basis is HK$ 1 nominal of loan stock for three ordinary shares. Fifty per cent will be payable on December 17—the closing date for application—and the balance is due by June 30.

The warrants will be exercisable between January, 1980 and December, 1988 at an average of the last dealing prices between December 6 and December 13 this year. HK Electric shares traded yesterday around HK$ 4.80, prior to the announcement.

The company expects that earnings for 1979 will be "marginally" higher than the HK$ 255m achieved last year. However, the debt issue will go towards the financing of a new power station, and HK Electric notes that under a new scheme of control agreed with the Government, a return of 15 per cent on new fixed assets is now being allowed, against 13.5 per cent for existing ones.

With the prime lending rate in Hong Kong up to 14.5 per cent and no sign yet of an early break in interest rates, the underwriters will be hoping that the warrants attached to the issue will be sufficiently attractive to entice ordinary shareholders.

The market for long-term fixed interest paper in Hong Kong is traditionally institutional. There is plenty of time to exercise the warrants, but with the company's earnings from electricity generation—though not from its property and consumer durable operations—limited to a 15 per cent return, the warrants may not have quite the usual appeal.

Despite high interest rates, the financial markets here remain liquid. But the size of this issue is a sobering reminder to credit markets of the many schemes in need of finance on or beyond the drawing boards of major Hong Kong companies.

The HK electric issue will be underwritten by Wardley and Jardine Fleming, and will be issued a week tomorrow. The company will convene an extraordinary general meeting for November 12 to increase its authorised capital for full exercise of the warrants.

Further expansion at Ito-Yokado

BY YOKO SHIBATA IN TOKYO

ITO-YOKADO, the second largest supermarket chain in Japan, has announced a strong upsurge in sales and earnings for the first half to August. On an unconsolidated basis, operating profits rose by 27.1 per cent to Y9.15bn ($39m) and net profits by 35.2 per cent to Y4.71bn on sales of Y277.13bn ($1.2bn), up 18.7 per cent, compared with the corresponding period of the previous year.

The upsurge in earnings was attributed to the steady expansion of three new shops; improved sales at existing shops; and a better financial position. The supermarket chain raised Y20bn from a 12.5m share increase by public subscription at the end of February this year, part of which was appropriated for the repayment of its borrowings. As a result, the group's debt to total sales ratio was trimmed significantly and the equity ratio improved to 38.2 per cent. The interim dividend has been raised to Y8.5, from Y7.5 a year ago.

On a consolidated basis, the unconverted amount of the company's two U.S. dollar-denominated convertible debentures (both $50m issues were made last year) was exposed to the sharp depreciation of the yen, causing an exchange loss of Y2.08bn. The same debentures generated Y4.14bn of exchange gains a year ago due to the yen's appreciation. As a result, consolidated net earnings for the first half of the current year plunged sharply by 32.2 per cent to Y4.29bn on consolidated sales 20.9 per cent higher at Y299.86bn.

The company said its consolidated results did not provide an accurate reflection of business performance for the period, because it followed the Securities Exchange Committee, of the U.S., accounting system.

For the current half year ending next February, the parent company plans to open seven new shops on the grounds of strong consumer spending. As a result earnings prospects for the full year are said to be favourable. Unconsolidated operating profits are projected at Y19.5bn, up 20 per cent, net profits on the same basis at Y9.5bn, up 20.1 per cent and unconsolidated sales at Y570bn up Y17.4bn over the previous fiscal year.

Indian Oil better than expected

BY K. K. SHARMA IN NEW DELHI

THE public sector Indian Oil Corporation, the country's largest company, had a record turnover of Rs 35.64bn ($4.4bn) in 1978-79. It improved its sales of petroleum products to 17.29m tonnes and processed a record 10.95m tonnes of crude in its refineries.

Mr. C. R. Das Gupta, Indian Oil's chairman, said profit before tax in 1978-79 amounted to Rs 942.6m and net profit was a record Rs 692m ($85m).

Mr. Das Gupta said that the fears expressed last year that profits would fall because of the higher costs of crude had not materialised since reduced profits from refining had been offset by increased profits from marketing and pipe-line operations.

Indian Oil increased its sales by Rs 5.65bn to Rs 35.64bn despite product prices remaining more or less unaltered. The turnover was higher than any other Indian company's.

Indian Oil account for more than 61 per cent of the petroleum industry sales in the country. During 1978-79, it sold over 17m tonnes of petroleum products compared with 15.88m tonnes in 1977-78.

The corporation has been given the responsibility of importing crude and petroleum products in which India is not yet self sufficient. Mr. Das Gupta said that he was contacting new sources like China, Mexico, Venezuela and Indonesia, in addition to traditional Middle East sources.

Phosphate venture for Hindustan Lever

BY P. C. MAHANTI IN CALCUTTA

HINDUSTAN LEVER, the offshoot of Unilever and one of India's largest private sector companies, has commissioned a Rs 220m ($27m) industrial phosphate plant in Haldia, the promising industrial growth centre in West Bengal.

The chemical complex will be the largest private sector investment in West Bengal in recent years and will have an annual production capacity of 30,000 tonnes of sodium tripoly phosphate, 54,000 tonnes of sulphuric acid, and 19,500 tonnes of phosphoric acid.

Apart from their considerable import substitution value, these chemicals will bridge a critical supply-demand gap in the eastern region where they are also expected to foster further industrial growth in the near future.

Other multinationals, besides Unilever, would also be welcome to the area as long as they conformed to national policies governing foreign investment, the Chief Minister, Jyoti Basu, Sho said, at the inauguration of the phosphate plant.

All of these shares having been sold, this advertisement appears as a matter of record only.

The whole of the issued share capital of MFI Furniture Group Limited ("the Company") is listed on The Stock Exchange.

The information given herein with regard to the Company and its subsidiaries ("the Group") has been supplied by the directors of the Company. The directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the directors accept responsibility accordingly.

MFI FURNITURE GROUP LIMITED

Placing by County Bank Limited of

33,000,602 Ordinary shares of 10p each at 72p per share

The shares now being placed have been acquired by County Bank Limited from Mr. N. A. V. Lister, Mrs. J. W. Searle and their family trusts and rank in full for all dividends hereafter declared or paid on the Ordinary share capital of the Company.

Share Capital

Authorised		*Issued and fully paid*
£16,000,000	in 160,000,000 Ordinary shares of 10p each	£13,200,000

Directors
A. C. Southon, FCA (Chairman) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
N. A. V. Lister (Joint Managing) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
J. W. Seabright, MA (Joint Managing) New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
S. Chody New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
D. R. Hughes, BA New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
D. S. Hunt New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
E. W. Lea, FCA New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.
P. A. Lait (Non-Executive) Sterling House, Heddon Street, London, W1R 8BP.

Secretary and Registered Office
S. C. Moodley, BSc, Solicitor New Stadium Works, North End Road, Wembley, Middlesex, HA9 0AY.

Auditors and Reporting Accountants
Berke Cohen Fine & Partners Chartered Accountants, Dorville House, 14 John Princes Street, London, W1M 9HB.

Stockbrokers
Kemp-Gee & Co. 20 Copthall Avenue, London, EC2R 7JS.
de Zoete & Bevan 25 Finsbury Circus, London, EC2M 7EE.

Solicitors to the Company and to County Bank Limited
Slaughter and May 35 Basinghall Street, Londoo, EC2V 5DB.

Solicitors to the Vendors
Titmuss, Sainer & Webb 2 Serjeants' Inn, London, EC4Y 1LT.

Bankers
National Westminster Bank Limited 15 Bridge Road, Wembley Park, Middlesex, HA9 9AE.

Registrars and Transfer Office
National Westminster Bank Limited
Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol, BS99 7NH.

SELECTED INFORMATION

The following information must be read in conjunction with the full text of this document.

- The family holdings of the two co-founders of MFI together with their family trusts represented, prior to this Placing, 49·6 per cent. of the issued share capital. These shareholders informed the board of the Company that they wished to realise abont half of their shareholdings in order to follow a more broadly based investment policy. The vendors intend to retain their remaining shareholdings in the Company for the foreseeable future.

  No new funds are being raised by the Company.

- MFI sells self-assembly furniture in volume at highly competitive prices mainly from edge-of-town sites with extensive car parking. MFI is one of the largest furniture retailers in the United Kingdom, operating 69 stores. Another 10 store openings (including 2 relocations) are planned before June 1980. MFI is the market leader in self-assembly furniture.

- A summary of the trading record in recent years is set out below:—

Year ended May	*Turnover* £'000	*Profit before taxation* £'000	*Percentage of turnover*	*No. of stores*	*Total square footage* '000
1975	15,232*	78	0·5	33	424
1976	21,149	1,018	4·8	39	523
1977	33,728	1,862	5·5	52	730
1978	55,043	5,337	9·7	56	850
1979	87,466	13,979	16·0	64	1,102

*Includes £2,724,000 mail order sales.

Placing price	72p
Total value of issued share capital at the Placing price	£95 million
Forecast profit before taxation for the financial year ending 31st May 1980	at least £18.0 million
Estimated earnings per share for the financial year ending 31st May 1980	
– on the basis of a 52 per cent. tax charge	6.55p
– on the basis of the expected tax charge	8.52p
Estimated price earnings multiple at the Placing price	
– on the basis of a 52 per cent. tax charge	11.0 times
– on the basis of the expected tax charge	8.44 times
Estimated dividends per share for the financial year ending 31st May 1980	2.62p
Dividend cover based on estimated dividends and earnings for the financial year ending 31st May 1980 on the basis of a 52 per cent. tax charge	2.5 times
Estimated gross dividend yield at the Placing price	5.2 per cent.

REASONS FOR THE PLACING

On 16th October 1979 33,000,602 shares were purchased by County Bank Limited from Mr. N. A. V. Lister, a joint Managing Director of the Company and co-founder of MFI (15,659,500 shares), Mrs. J. W. Searle, widow of the other co-founder of MFI (8,732,500 shares) and their family trusts (8,608,602 shares) ("the vendors"). Of these shares, 32,500,602 are being placed by County Bank Limited through The Stock Exchange and the balance of 500,000 shares are being offered to employees of the Group at the Placing price. Any shares not taken up by employees will be retained by County Bank Limited.

Following the flotation of M.F.I. Warehouses Limited in May 1971, Mr. N. A. V. Lister, the late Mr. D. A. Searle and their families held 59·4 per cent. of the then issued share capital valued at £4·8 million at the flotation price. On 15th October 1979 the vendors held 49·6 per cent. of the issued share capital of the Company valued at £54·0 million based on the middle market quotatioo on that day as calculated from The Stock Exchange Daily Official List. For some time the vendors have been considering the disposal of a substantial part of their holdings in the Company in order to follow a more broadly based investment policy. Such a disposal should reduce the Company's exposure to the problems often associated with very large family holdings.

In view of the proportion of the issued share capital of the Company that the vendors' holdings represented, discussions were held between the vendors, the Company and its advisers as to the most suitable means of achieving the vendors' objective. Having regard to the interests of the vendors, the Company, and its shareholders, it was coocluded that the disposal should be effected by a placing through The Stock Exchange, based upon a document incorporating current information on MFI and its operations.

It is the vendors' intention to retain for the foreseeable future their remaining shareholdings in the Company, representing 24·6 per cent. of the issued share capital and valued, at the Placing price, at £23.4 million; certain undertakings have been given by the vendors to County Bank Limited, details of which are set out under "Contract with County Bank Limited" in Statutory and General Information.

The following information concerning MFI has been received by County Bank Limited from the directors of the Company:—

INTRODUCTION

MFI is one of the largest furniture retailers in the United Kingdom and is the market leader in self-assembly furniture. It now operates 69 stores located throughout the United Kingdom.

A summary of the trading record, the number of stores and total square footage over the last five financial years, ended approximately 31st May, is set out below:—

Year ended May	*Turnover* £'000	*Profit before taxation* £'000	*No. of stores*	*Total square footage* '000
1975	15,232*	78	33	424
1976	21,149	1,018	39	523
1977	33,728	1,862	52	730
1978	55,043	5,337	56	850
1979	87,466	13,979	64	1,102

*Including £2,724,000 mail order sales.

History and Development of MFI

MFI originated as Mullard Furniture Industries Limited which was iocorporated in April 1964 and at that time was selling a limited range of low price furniture by mail order using national advertising. The range of merchandise was extended and in 1967 sales began from retail warehouses. By May 1971 nine retail warehouses had been opened and Mullard Furniture Industries Limited, whose name had been changed to M.F.I. Warehouses Limited, became a public company and obtained a Stock Exchaoge listing.

Between August 1974 and July 1975, in line with MFI policy, the resources, management efforts and energies of the group became increasingly concentrated on developing retailing from stores as the mail order operation was run down and then closed. MFI saw the growth potential of retailing furniture packed flat fur home assembly, a concept developed in the mail order business, which enabled MFI to sell competitively priced furniture from stock.

Since then the range of merchandise sold has been extended and cootinuously upgraded in both quality aod design. Advances have also been made in simplifying and improving methods of self-assembly which have increased the appeal of MFI's furniture.

Methods of display have undergone considerable change. Originally, single items of merchandise were exhibited with packed stock projecting a "warehouse" image. Each store now has an attractive showroom with a large warehouse enabling immediate collection of goods by customers. Emphasis has been placed on the selection of sites and geographical coverage has been extended. To reflect these developments M.F.I. Warehouses Limited changed its name to MFI Furniture Centres Limited in 1977.

In June 1979 a reorganisation was effected which involved the separation of the retailing and property activities. A new holding company, MFI Furniture Group Limited, was formed; MFI Furniture Centres Limited continoed to be responsible for retailing activities and MFI Properties Limited assumed responsibility for all property matters. This reorganisation recognised the increasing importance that site finding and development of stores play in the growth of the business.

BUSINESS

MFI sells self-assembly furniture in volume, mainly from edge-of-town sites with extensive car parking. The range now sold includes bedroom, kitchen, dining room and lounge furniture, most of which is manufactured to MFI's own requirements. It is MFI's policy to offer furniture, for which demand is already established, at highly competitive prices which are within the reach of an increasingly wide range of households.

MFI's marketing skills and close co-operation on design and productioo with a limited number of carefully selected manufacturers are important factors contributing to the success of this policy.

Almost all items are sold packed flat, requiring simple assembly by the purchaser. This method of sale allows a greater range and quantity of stock to be held at each store, ensuring that most items are immediately available from stock in contrast to the traditional high street retailer. Most customers take away their purchases and MFI facilitates this by providing roof racks if necessary. A delivery service is also available.

Approximately 84 per cent. of sales are settled in cash or by cheque. MFI does not offer credit to its customers. Access and Barclaycard are accepted and hire purchase facilities can be arranged for customers through consumer credit companies.

Importance is attached to the appearance of store interiors. The store development department maintains and improves the high standards that have been achieved, using MFI's own skilled teams of shopfitters. Room displays using modern lighting techniques and carpeted floors provide an attractive setting which emphasises the quality and illustrates the complementary nature and variety of the merchandise. Opening hours are structured to meet customers' needs with late openings on Mondays and Fridays and openings on the majority of Bank Holidays. A major factor in MFI's success has been the high level of service and assistance which customers have come to expect from MFI's staff; the directors give a high priority to the maintenance of these standards.

In 1978 an export subsidiary was established with a view to extending the sale of MFI's range of merchandise abroad. Export sales in the year to May 1979 amounted to £406,757.

Advertising

Although MFI enjoys a considerable degree of customer loyalty, it advertises widely to attract customers to the edge-of-town locations from which it operates. The nationwide coverage of MFI's stores enables full advantage to be taken of national advertising. Extensive use is therefore made of the national press, supplemented by local press and selective use of television and radio. The cost effectiveness of all forms of advertising is closely monitored and, as the store network has grown, MFI has been able to reduce the cost of national advertising as a proportion of turnover.

Periods of peak advertising are normally associated with the three maio "Sales" periods, io August, immediately after Christmas and at Easter, and with new store openings. Use is also made of sales promotions in which selected products are sold at low margins. These promotions significantly increase customer traffic through the stores.

Suppliers

MFI's requirements, in terms of volume, quality, design and price of furniture, have necessitated a highly developed approach to buying. MFI has a team of specialist buyers whose responsibility it is to research the furniture market, identify product trends, discuss designs and specifications with suppliers and negotiate conditions of purchase, delivery and price.

It is MFI's policy to be the major customer of each of its suppliers and, in some instances, the whole of the manufacturer's output is taken. By limiting the oumber of items produced by a single manufacturer considerable economies are achieved and high levels of quality are maintained. MFI's quality control department visits suppliers to advise and report on the mainteoance of production standards and regular checks are made on their deliveries. MFI also provides assistance with production planning and pays promptly for merchandise. As a result a number of major suppliers have been able to hold, or even in one case to reduce, their prices over the last 18 mooths with increased costs of raw materials and labour offset by more efficient production methods and increased volumes. In addition, close co-operation with suppliers enables MFI to react rapidly to meet changing patterns of demand.

Imported merchandise, mainly from Europe and the Far East, accounted for approximately 36 per cent. of purchases in the financial year ended 30th May 1979. This proportion has fallen from previously higher levels as United Kingdom manufacturers have developed additional capacity to satisfy MFI's requirements and this trend is expected to continue.

MFI FURNITURE GROUP LIMITED

Of MFI's suppliers, ten accounted for approximately 82 per cent. of purchases in the financial year to 26th May 1979, with the two largest suppliers accounting for 28 per cent. and 26 per cent. respectively. In the first four months of the current financial year, the proportion of total purchases from the largest supplier has increased to 35 per cent.

The interdependence between MFI and its suppliers has produced effective and flexible sources of supply which have contributed materially to the success of the Group. Whilst a major disruption at an existing supplier could affect the Group temporarily, the directors are confident that alternative sources of supply could be developed rapidly both within the United Kingdom and abroad.

Pricing Policy

MFI's policy is to price its furniture at levels which are significantly below those of equivalent fully assembled products and which are competitive with those of other retailers of self-assembly furniture. Economies arising from the volume of purchases and close co-operation with suppliers have enabled MFI to sustain this policy and at the same time achieve favourable trading margins. Low margins are only acceptable on certain promotional products.

Stores

The Group has 69 retail stores of which 21 are freehold, 5 are long leasehold (over 50 years unexpired) and 43 are short leasehold.

MFI Properties Limited is now the subsidiary responsible for the acquisition, development and management of the Group's properties and is constantly seeking suitable premises and sites available for development in selected areas. In the past, existing properties such as motor car showrooms and warehouses have been acquired and adapted to meet MFI's trading requirements. The current policy is to develop purpose-built units on freehold sites in edge-of-town locations where property costs are relatively low.

The total store area is 1,225,000 square feet of which approximately half is used for showrooms and the provision of customer collection facilities and the remainder for holding stock. Although the average size of the present stores is 17,750 square feet, MFI aims to acquire new units of approximately 25,000 square feet with good car parking facilities, and to replace the smaller premises by larger units. The stores at Manor Park, Edinburgh, Bournemouth and Grimsby have already been relocated. The store at Swansea is to be relocated in December 1979 and that at Hull in May 1980. The store at Harrogate was closed in September 1979.

MFI's current policy is illustrated by the following schedule of recent and proposed openings:—

Date 1979	Location	Area (square feet)	Tenure
February	St. Helens	19,700	Freehold
March	Grimsby (relocation)	17,200	Short leasehold
May	Golders Green	24,900	Freehold
June	Glasgow, Bishopbriggs	29,100	Freehold
	Stourbridge	14,200	Freehold
	Torquay	22,200	Freehold
July	*Southend	23,200	Freehold
September	*Newport, Isle of Wight	20,300	Freehold
	*Liverpool, Speke	28,000	Long leasehold
October	*Stoke-on-Trent	27,600	Freehold
November	Newport, Gwent	17,600	Short leasehold
December	Swansea (relocation)	24,400	Long leasehold
1980			
February	Greenwich	22,200	Short leasehold
March	Stirling	20,000	Freehold
	Bolton	27,800	Freehold and Long leasehold
April	*Lincoln	26,000	Long leasehold
May	*Dunfermline	24,300	Freehold
	*Barrow-in-Furness	30,000	Freehold
	*Hull (relocation)	25,200	Long leasehold

*Purpose built.

Distribution and Warehousing

MFI distributes about half of the merchandise to the stores from its central distribution centre in Bedford; the remainder is delivered direct from suppliers. Distribution from the central warehouse is carried out by MFI's own transport fleet.

In May 1976 MFI took a lease on warehouse premises at Bedford of 205,000 square feet for warehousing merchandise for distribution throughout the United Kingdom. Subsequently, additional adjacent premises were leased bringing the total area to over 300,000 square feet. A retail store is also trading from this site.

A substantial increase in warehousing facilities will be needed to accommodate projected requirements. MFI Properties Limited has therefore entered into a contract with The Northampton Development Corporation to acquire on a 99 year building lease 52 acres of land in Northampton situated within 4 miles of the M1. It is well located to service the existing and projected geographical spread of stores. Work has recently been commenced on a 600,000 square foot warehouse, ancillary distribution offices and a retail store. It is expected that the building will be completed in the Autumn of 1980, at which time the leases of the existing warehouse premises at Bedford will be disposed of. The anticipated cost of this development, including the cost of the land and an option to acquire a further 11 acres of adjacent land within the next 2 years, is £6 million. Further details are given under "Material Contracts" in Statutory and General Information.

MANAGEMENT AND STAFF

The rapid growth of MFI, following the decision to concentrate wholly on stores retailing, has in part been the result of developing and strengthening the management team to complement the entrepreneurial flair that already existed. The reconstruction of the group earlier this year led to the separation of the retailing and property activities and provided an opportunity to recognise and strengthen the second tier of management. The board of the Company is as follows:—

Directors

A. C. Southon, FCA, aged 63, is executive Chairman. He joined MFI in 1968 and became Chairman in 1971.

N. A. V. Lister, aged 51, is Joint Managing Director and was one of the two founders of MFI. He has special responsibilities within the areas of buying, advertising and site finding.

J. W. Seabright, MA, aged 50, is Joint Managing Director and joined MFI in August 1974. He has responsibility for the day to day organisation and administration.

S. Chody, aged 57, joined MFI in 1969 and is the Merchandise Director responsible for buying policy and store development.

D. R. Hughes, BA, aged 37, joined MFI in October 1978 and in November 1978 was appointed Director responsible for marketing, advertising and promotions.

D. S. Hunt, aged 40, joined MFI in May 1973 and is the Director responsible for retail operations.

E. W. Lea, FCA, aged 38, joined MFI in March 1978 and was appointed Finance Director in September 1978.

Philip Lait, aged 51, is a Non-Executive Director. He is chairman of Philip Lait & Co. Limited, a major supplier.

Senior Management

In addition to the directors of the Company, the following are senior executives of the Group:—

	Age	Position
MFI Furniture Centres Limited		
J. Dooley	47	Distribution Director
K. Green	36	Regional Director (North)
S. R. Harrop	42	Regional Director (South)
D. G. Love	33	Buying Director
J. O'Connell	32	Buying Administration Director
MFI Properties Limited		
S. C. Moodley, BSc.	45	Property Administration Director
M. D. Shaw	35	Store Development Director
J. C. Banks, ARICS	26	Non-Executive Director
Group Services		
J. T. Beer, BSc.	43	Personnel Manager
H. F. Bridges	60	Administration Manager
T. H. Glasgow	44	Internal Audit Manager
M. Goodhew	39	Management Services Manager
A. R. Griffiths	39	Export Manager
M. Mullen	34	Advertising Manager
J. D. Randall, ACMA	34	Financial Controller

The Group has approximately 2,500 employees of which 600 are part-time. Of the total, 2,100 work in the stores, 180 in the central warehouse and 220 are based at the head office in Wembley.

Great importance is placed on career development for all staff and it is a central theme of the management philosophy that employees should be rewarded for enterprise and achievement, predominantly through incentive payment schemes.

Management control of the stores is exercised through a system of area managers who are responsible for the performance of the stores within their area. Store managers are responsible for store performance and the control and welfare of staff under their supervision.

Particular attention is paid to staff training and each year since 1976 MFI has received a Distributive Industry Training Board Award.

There is a contributory pension scheme for all full time staff who have more than 2 years' service and who are more than 24 years of age.

PROFIT FORECAST

On the basis of the assumptions set out under "Information Relating to the Profit Forecast" the directors of the Company forecast that in the absence of unforeseen circumstances the profit of the Group before taxation for the financial year ending 31st May 1980 will be at least £18·0 million.

The following table sets out, by way of illustration only, how profit before taxation of £18·0 million would be appropriated assuming (in column A) a charge for corporation tax at 52 per cent. and (in column B) the expected tax charge for the financial year ending 31st May 1980 based on the forecast tax charge calculated in accordance with the Group's present accounting policy. The figures assume total dividends for the financial year ending 31st May 1980 of 2.62p per share (excluding the related tax credit) on the basis of the Company's policy, as outlined at the last Annual General Meeting, of increasing dividends at least in line with profits. It is also assumed that no entitlements to dividends will be waived.

	A £'000	B £'000
Profit before taxation	18,000	18,000
less: Taxation	9,360	6,750
Profit after taxation	8,640	11,250
less: Dividends	3,458	3,458
Retained Profit	5,182	7,792
Cover for dividends	2.5 times	

At the Placing price of 72p the gross dividend yield would be 5.2 per cent.

On the basis of the above illustration, the earnings per share based on a 52 per cent. tax charge would be 6·55p and at the Placing price the Company would be valued on a price earnings multiple of 11.0 times. On the same basis, but taking the expected tax charge, the earnings per share would be 8.52p and the price earnings multiple would be 8.44 times.

PROSPECTS

The growth of MFI's turnover and profits has been outstanding over recent years. Whilst continuation of this exceptional rate of growth cannot be anticipated in the future, the directors are confident that prospects remain excellent. This confidence is founded on the following factors:

- The recent trading performance of MFI reflects its ability to meet consumer needs for furniture at competitive prices with immediate availability from stock. In addition the public has shown a growing interest in DIY products which has led to an increasing demand for self-assembly furniture.
- Current negotiations with suppliers indicate that prices of MFI's products will continue to be competitive.
- A substantial proportion of the population is already aware of MFI's products through national advertising, but is not yet within easy reach of an MFI store. Accordingly, in addition to the proposed openings for the remainder of the current financial year, plans are well advanced for further new stores in the financial year ending May 1981.

ACCOUNTANTS' REPORT

The following is a copy of the report received from Berke Cohen Fine & Partners, Chartered Accountants, to the directors of the Company and of County Bank Limited:—

The Directors,
MFI Furniture Group Limited,
County Bank Limited.

Dorville House,
14 John Princes Street,
London, W1M 9HB.
17th October 1979.

Gentlemen,

We have acted as auditors to MFI Furniture Group Limited ("MFI Furniture Group") since its incorporation on 19th January 1979 and to its principal trading subsidiary, MFI Furniture Centres Limited ("MFI Furniture Centres") since 1968.

On 1st June 1979 a Scheme of Arrangement under the provisions of Section 206 of the Companies Act 1948 came into effect with the result that the shareholders of MFI Furniture Centres (until then the group parent company) exchanged their shareholdings for shares in MFI Furniture Group on the basis of three Ordinary shares of MFI Furniture Group for each Ordinary share of MFI Furniture Centres.

We therefore report upon the consolidated accounts of MFI Furniture Centres for each of the five accounting periods ended 26th May 1979 which represent the business now carried on by MFI Furniture Group and its subsidiaries. No accounts of MFI Furniture Centres and its subsidiaries have been prepared since 26th May 1979.

The financial statements set out below are based on the audited consolidated accounts of MFI Furniture Centres, and have been prepared under the historical cost convention after making such adjustments as in our opinion, are appropriate.

Under the requirements of Statement of Standard Accounting Practice Number 12, MFI Furniture Centres was required in the accounts for the year ended 26th May 1979 to make provision for depreciation and amortisation of freehold and long leasehold properties. No such provision, however, was made and we are unable to quantify the effect on stated profit of this departure from the standard.

With this reservation, in our opinion, these financial statements prepared under the historical cost convention, give a true and fair view of the profits for the periods stated and of the state of affairs and source and application of funds for the accounting period ended 26th May 1979.

1. Accounting Policies

The accounting policies set out below have been applied by MFI Furniture Centres in the preparation of its accounts for the five accounting periods ended 26th May 1979. The only significant change made during this period occurred in 1978 and related to deferred taxation.

Basis of Consolidation

The consolidated accounts are prepared under the historical cost convention and include the results of MFI Furniture Centres and all its subsidiaries ("the group").

Depreciation and Amortisation

Depreciation and amortisation have not been charged on freehold properties and long leaseholds. Except for this category all fixed assets are depreciated or amortised; short leaseholds by equal amortisation over the life of each individual lease; plant, motor vehicles, fixtures, fittings and equipment at annual rates calculated to write off the assets over their estimated useful lives.

The principal depreciation rates used by the group are:—

Fixtures, fittings, plant and machinery	15%
Computer equipment	20%
Commercial and motor vehicles	20%
Branch improvements	33⅓%

On the sale of fixed assets other than freehold and long leasehold properties, any surplus or deficit on net book value is included with the depreciation and amortisation charge shown in the profit and loss account.

All other profits or losses on the sale of properties are taken to capital reserves.

Stock

Stock is valued at the lower of cost and net realisable value. Stock at retail centres is valued at selling prices less a deduction to reduce to estimated cost, all other stock being valued at cost. Allowance for future markdowns is taken into account where appropriate.

Deferred Taxation

Deferred taxation comprises the estimated net future liability, at the current rate of 52 per cent., in respect of the excess of the net book value of those assets for which tax allowances are given over the corresponding written down value for tax purposes. No provision is made for the following:—

Corporation tax on capital gains rolled over on the disposal of properties.
Stock appreciation relief.

Advance corporation tax available for set-off against tax on future profits is deducted from deferred taxation.

2. Consolidated Profit and Loss Accounts

The consolidated profit and loss account of MFI Furniture Centres for the five accounting periods ended 26th May 1979, based on the published audited accounts for those years and adjusted for the change in the deferred taxation accounting policy referred to above, were as follows:—

	Note	1975 £'000	1976 £'000	1977 £'000	1978 £'000	1979 £'000
Turnover	(i)	13,232	21,149	33,728	55,043	87,466
Profit before taxation and extraordinary item	(ii)	78	1,018	1,862	5,337	13,979
Taxation	(iii)	(55)	(141)	(315)	(138)	(3,349)
Profit after taxation		23	877	1,547	5,199	10,630
Extraordinary item		—	—	—	35	—
Profit after taxation and extraordinary item		23	877	1,547	5,234	10,630
Transfer to capital reserve		—	—	—	(35)	—
Dividends paid	(iv)	—	(224)	(301)	(350)	(1,889)
Profit retained		23	653	1,246	4,849	8,741

The following calculations are based on the 132 million issued Ordinary shares of MFI Furniture Group:—

Earnings per share	0·02p	0·66p	1·17p	3·94p	8·05p
Dividends per share	nil	0·244p	0·328p	0·366p	1·866p

3. Consolidated Balance Sheet

The consolidated balance sheet of MFI Furniture Centres at 26th May 1979 was as follows:—

	Note	£'000	£'000
Capital employed			
Share capital	(v)		2,200
Reserves			17,051
Shareholders' funds			19,251
Deferred taxation	(vi)		1,431
			20,682
Employment of capital			
Fixed assets	(vii)		14,328
Current assets			
Stock		20,258	
Debtors		1,942	
Balances at bank and short-term deposits		2,327	
		24,535	
Current liabilities			
Creditors		14,758	
Current taxation		1,844	
Proposed dividend		1,541	
		18,183	
Net current assets			6,352
			20,682

4. Consolidated Source and Application of Funds

The consolidated source and application of funds of MFI Furniture Centres for the 52 weeks ended 26th May 1979 was as follows:—

	£'000	£'000
Source of funds		
Profit before taxation		13,979
Depreciation and amortisation		679
Total generated from operations		14,658
Application of funds		
Net additions to fixed assets	8,878	
Acquisition of subsidiary (Note)	706	
Dividends paid	343	
Taxation	366	
		10,293
		4,365
Movements in Working Capital and Net Liquid Funds		
Increase in stocks	8,726	
Increase in debtors	1,174	
Increase in creditors	(6,448)	
		3,452
Movement in net liquid funds		
Increase in bank balance and short-term deposits		913
		4,365

Note
Summary of the effect of the acquisition of MFI (Torquay) Limited

Fixed assets	455
Net liquid funds	248
Working capital	33
Current taxation	(30)
Total—discharged by cash paid	706

5. Notes to the Accounts

(i) Turnover

This represents the net value of goods sold to customers outside the group excluding value added tax.

(ii) Profit before taxation

	1975 £'000	1976 £'000	1977 £'000	1978 £'000	1979 £'000
The profit before taxation is stated after charging:—					
Depreciation and amortisation	110	167	302	537	679
Hire of plant and equipment	—	—	33	83	148
Auditors' remuneration	10	15	23	27	35
Directors' remuneration	60	81	01	84	107
Ex gratia payment to a former director	—	—	—	—	5
Directors' pension contributions	7	9	11	31	67
Interest on bank loan and overdraft	83	66	75	33	26
Goodwill written off	—	11	—	—	—
and after crediting:—					
Interest on short-term loans	7	61	35	188	522

(iii) Taxation

	1975 £'000	1976 £'000	1977 £'000	1978 £'000	1979 £'000
Current taxation	—	—	—	25	1,997
Transfer to deferred taxation	55	141	315	113	1,352
	55	141	315	138	3,349

Corporation tax has been provided at the rate of 52 per cent. throughout the period. The provisions of the Income and Corporation Taxes Act 1970 relating to close companies are not applicable to the group.

(iv) Dividends

	1975 £'000	1976 £'000	1977 £'000	1978 £'000	1979 £'000
Dividends	nil	322	433	483	2,463
Less: amount waived	nil	98	132	133	574
	nil	224	301	350	1,889

Dividends are stated exclusive of the related tax credit.

(v) Reserves

The group reserves at 26th May 1979 amounted to £17,051,000, of which £167,000 were disclosed in the published accounts as non-distributable.

On 21st August 1979 £11,000,000 of MFI Furniture Centres' reserves were capitalised by a five-for-one scrip issue of Ordinary shares of 10p each to MFI Furniture Group.

(vi) Deferred taxation

	26th May 1979 Provision made £'000	26th May 1979 Full Potential Liability £'000
Accelerated tax allowances on plant and equipment	2,091	2,091
Stock appreciation relief	—	7,205
Capital gains on sale of fixed assets	—	65
	2,091	9,361
Less: Advance corporation tax recoverable	660	660
	1,431	8,701

Since the accounting period ended 27th May 1978, no provision has been made in the accounts for that part of the full potential liability to deferred taxation which can be demonstrated with reasonable probability will not be payable in the foreseeable future. Earlier years have been restated accordingly.

In accordance with the provisions of the Finance Act 1979 the full potential liability for corporation tax on stock appreciation relief has now been reduced by £584,000 from the figure shown in the 1979 accounts.

(vii) Fixed assets

	Freehold Properties £'000	Leasehold Properties over 50 years £'000	Leasehold Properties under 50 years £'000	Plant and Equipment £'000	Total £'000
Cost	7,477	1,107	1,748	5,672	16,004
Less: Aggregate depreciation	—	—	162	1,522	1,684
Net book value at 26th May 1979	7,477	1,107	1,586	4,150	14,320

As stated above, depreciation and amortisation has not been charged on freehold properties and long leaseholds. The directors are satisfied that the market value of these properties is in excess of their balance sheet values. The directors have stated that they do not consider compliance with Statement of Standard Accounting Practice Number 12 to be practical or material to the interpretation of these accounts.

(viii) Capital commitments

The estimated amount of capital expenditure at 26th May 1979 authorised by the directors, for which no provision has been made, is as follows:—

	£'000
Contracted for	2,001
Not contracted for	1,360

6. Inflation accounting

The adjusted current cost profit before taxation for the period ended 26th May 1979, prepared from the consolidated accounts of MFI Furniture Centres and in accordance with the interim recommendation of the Accounting Standards Committee was £13,082,000. The historical cost profit before taxation for the same period was £13,979,000.

MFI FURNITURE GROUP

No accounts of MFI Furniture Group have been prepared since its incorporation.

On 27th September 1979, MFI Furniture Group paid an interim dividend of 3p per share, making a total payment, net of waivers, of £1,540,500.

Following a one-for-one scrip issue of Ordinary shares of 10p each on 20th September 1979 MFI Furniture Group now has an issued share capital of £13,200,000 divided into 132 million Ordinary shares of 10p each.

As a further part of the Scheme of Arrangement referred to above the property assets formerly held in MFI Furniture Centres are being transferred to a new wholly-owned subsidiary of MFI Furniture Group, MFI Properties Limited. This company was incorporated on 19th January 1979 and has not since that date produced any accounts or declared any dividends.

Yours faithfully,
BERKE COHEN FINE & PARTNERS,
Chartered Accountants.

INFORMATION RELATING TO THE PROFIT FORECAST

Assumptions

The forecast of Group profit before taxation for the 53 weeks ending 31st May 1980 has been compiled on a basis consistent with the accounting policies normally adopted by the Group. The principal assumptions on which the directors have based their forecast are that:—

1. Sales will continue in line with trends experienced to date adjusted for normal seasonal factors.
2. The programme for new store openings will be achieved.
3. Television advertising will be available by December 1979, and no interruption will be experienced in the availability of other advertising media.
4. There will be no major disruption at an existing principal supplier.
5. Trading will not be adversely affected by a prolonged period of exceptional weather conditions or fuel shortages.
6. The operations of the Group will not be disrupted as a result of industrial disputes.
7. The operations of the Group will not be adversely affected by changes in direct or indirect taxation.

Letter from Auditors and Reporting Accountants

The following is a copy of a letter from Berke Cohen Fine & Partners concerning the profit forecast:—

The Directors,
MFI Furniture Group Limited.

17th October 1979.

Gentlemen,

We have reviewed the accounting bases and calculations for the profit forecast, for which you are solely responsible, of MFI Furniture Group Limited and its subsidiaries ("the Group") for the financial year ending 31st May 1980 set out in the Placing document dated 17th October 1979.

In our opinion the profit forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the basis of the assumptions made by you set out in the Placing document and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,
BERKE COHEN FINE & PARTNERS
Chartered Accountants.

Letter from Issuing House

The following is a copy of a letter from County Bank Limited concerning the profit forecast:—

The Directors,
MFI Furniture Group Limited.

17th October 1979.

Gentlemen,

We refer to the profit forecast of your Company and its subsidiaries for the financial year ending 31st May 1980 contained in the Placing document dated 17th October 1979.

We have discussed with officers of your Company the bases and assumptions on which the profit forecast was made. We have also considered the letter dated 17th October 1979 addressed to you from Berke Cohen Fine & Partners regarding the accounting bases and calculations underlying the profit forecast.

On the basis of the above, we consider that the profit forecast (for which you are solely responsible) has been made with due care and attention.

Yours faithfully,
for County Bank Limited
DAVID REED
Director.

STATUTORY AND GENERAL INFORMATION

Indebtedness

Apart from intra-group liabilities, on 24th September 1979 the Group had no borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Working Capital

The directors of the Company are of the opinion that taking into account bank and other facilities available the Group has sufficient working capital for its present requirements.

Share Capital

(i) The Company was incorporated on 19th January 1979 with an authorised share capital of £7 divided into 7 Ordinary shares of £1 each all of which were issued and subsequently sub-divided into 70 Ordinary shares of 10p each.

(ii) On 10th April 1979 the authorised share capital of the Company was increased to £8,000,000 by the creation of an additional 79,999,930 Ordinary shares of 10p each. Under a Scheme of Arrangement which became effective on 1st June 1979, the Company acquired all of the 22,000,000 issued Ordinary shares of 10p each of MFI Furniture Centres Limited and, as consideration, issued a total of 66,000,000 Ordinary shares of 10p each credited as fully paid to the Ordinary shareholders of MFI Furniture Centres Limited.

(iii) On 20th September 1979 the authorised share capital of the Company was further increased to £16,000,000 by the creation of an additional 80,000,000 Ordinary shares of 10p each. The sum of £6,600,000 was capitalised and applied in paying up in full 66,000,000 unissued Ordinary shares of 10p each which were allotted credited as fully paid to the holders of the issued Ordinary shares of 10p each of the Company. The 66,000,000 Ordinary shares of 10p each so issued by way of capitalisation rank *pari passu* in all respects with the existing issued Ordinary shares of 10p each in the capital of the Company.

Articles of Association

The Articles of Association of the Company contain provisions, inter alia, to the following effect:—

(i) On a show of hands every member who is present in person at a general meeting of the Company (including any company present by its representative appointed under the Companies Acts 1948 to 1976) shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every 10p in nominal amount of the share capital of the Company of which he is the holder.

APPOINTMENTS

Three new directors at Pilkington


Mr. Denys Cledwyn-Davies


Mr. Bill Snowden


Mr. Mervyn Windsor

Mr. Denys Cledwyn-Davies, Mr. Bill Snowden and Mr. Mervyn Windsor have been appointed directors of PILKINGTON BROTHERS. Mr. Cledwyn-Davies continues as managing director of the flat glass division Europe and Pilkington Flat Glass. Mr. Snowden remains chairman and managing director of Fibreglass and managing director of the glass fibre division. He succeeds Mr. Sol Kay as chairman of the glass fibre divisional Board and becomes responsible for the Cem-FIL Business Operation. Mr. Mervyn Windsor replaces Mr. John Leighton-Boyce as group treasurer and continues as group chief accountant.

*

Mr. Graham Pendred has been appointed chief executive of the HERTFORDSHIRE CHAMBER OF COMMERCE.

*

Mr. A. L. Brown is to be appointed industrial relations director of WEIR FOUNDRIES the Leeds company which controls the Weir Group's steel foundries. The appointment is from February 1, 1980. At the same time, Mr. W. A. MacLean will be appointed industrial relations director of Weir Pumps and adviser to the Weir Group on industrial relations matters. Until the new appointments take effect Mr. MacLean, who joins the Weir Group on November 1, will act as industrial relations adviser to Weir Foundries.

*

IPC BUSINESS PRESS has made the following appointments from January 1, 1980. Mr. David Cobb, managing director of IPC Business Press (sales and distribution), will become managing director of IPC Electrical-Electronic Press. Mr. Graham McVey, managing director of IPC Middle East Publishing, will become managing director of IPC Consumer Industries Press. Mr. John Reddington, managing director of IPC Specialist and Professional Press, will become managing director of IPC Business Press (sales and distribution). Mr. Graeme Sheath, managing director of IPC Consumer Industries Press, will become managing director of IPC Transport Press. Mr. Peter Yapp, managing director of Electrical-Electronic Press, will become managing director of IPC Specialist and Professional Press and sole managing director of the exhibition and conference organising company Iliffe Promotions Ltd. (He is currently joint managing director.)

*

Mr. Alan Shepherd has been appointed sales director for NIPU/DANOFF in the UK.

*

Mr. Robert Hormats, Senior Deputy Assistant Secretary of State for Economic and Business Affairs, U.S. State Department, has been elected chairman of the OECD STEEL COMMITTEE. He succeeds Mr. Alan W. Wolff (U.S.) the Committee's first chairman.

*

THE ASSOCIATED ENGINEERING GROUP has made the following appointments within its subsidiaries: Fluidrive Engineering Company: Mr. R. M. Miles becomes chairman, Mr. R. V. Adams managing director and Mr. P. F. Ashcroft deputy managing director. Mr. J. Elderton, Mr. A. R. Lilley, Mr. I. C. Mockford, Mr. J. O. Shelly and Mr. A. R. Teague are appointed to the Board. Allen Bennett: Mr. J. P. T. Wilkinson is made managing director. S.E. Opperman: Mr. E. A. Lambert is appointed director and general manager and Mr. J. C. Sharpe sales director.

*

Mr. G. A. Carey-Smith, Dr. E. M. A. F. Ferreira, Mr. M. W. King and Mr. J. G. Richardson have been appointed directors of the ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Mr. Carey-Smith is responsible for the group's operations in Zimbabwe Rhodesia. Dr. Ferreira is chairman of Anglo American Corporation do Brazil (Ambras) and chairman of Beralt Tin and Wolfram (Portugal) S.A.R.L. Mr. King was appointed the head of the financial division of the corporation when Mr. J. N. Clarke returned to London recently. Mr. Richardson is an executive director of Charter Consolidated. Mr. H. B. Hofmeyr, chairman of Charter Consolidated and an executive director of Anglo American Corporation of South Africa, will be returning to South Africa in the second quarter of next year and will be joining the operating committee of the executive committee of Anglo American Corporation of South Africa. Dr. A. Spinks, who was a member of the Board of Imperial Chemical Industries from 1970 to 1979, has been appointed to the board of Charter and will become non-executive chairman from April 1, 1980. Mr. Clarke, an executive director of Charter, has succeeded Mr. Hofmeyr as managing director and will become chief executive of the company on April 1, 1980. Mr. F. J. A. Howard, who has been a member of that board since January 1978, has been made an executive director. Mr. W. D. Wilson and Mr. Carey-Smith have retired from the Board.

*

Mr. Michael E. Ware has been appointed as an associate director of the ROYAL TRUST COMPANY OF CANADA (CI).

*

THE INDEPENDENT BROADCASTING AUTHORITY has appointed Major General P. A. C. Baldwin to the new post of deputy director of radio from November 27. He will have responsibility for all the IBA's radio functions, including the expansion of Independent Local Radio.

*

The following were elected council members of the UK HOLIDAYS MARKETING ASSOCIATION: Mr. C. F. Jobson (chairman), Mr. R. V. Plant (honorary secretary), Mr. J. E. Foster (honorary treasurer), Mr. J. King, Mr. F. A. Knights, Mr. K. Webber, Mr. B. Donnelly and Mr. P. A. Swinhard.

*

Mr. H. J. Bann, board director, has succeeded Mr. A. D. Spencer as managing director of the retail division of the BOOTS COMPANY. Mr. A. D. Spencer continues as vice-chairman of the board. Four new directors have been appointed. They are Mr. K. Ackroyd, Dr. E. E. Cliffe, Mr. G. R. Solway and Mr. B. H. C. Theobald.

*

Mr. G. A. Kingsnorth, former general manager and actuary of the SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY, has been appointed a director.

*

Mr. Leo Curran has been appointed to the main board of PARSON AND CROSLAND.

*

Professor R. H. Collcutt, professor of operational research at Manchester Business School, has been elected president of the INTERNATIONAL FEDERATION OF OPERATIONAL RESEARCH SOCIETIES for a three-year term from next January.

*

Mr. J. V. Cleasby has been appointed a director of BERALT TIN AND WOLFRAM.

*

Mr. David Peeks has been appointed director and general manager of TRENT CONCRETE FLOORS.

*

FOSTER WHEELER WORLD SERVICES LIMITED, a new subsidiary of Foster Wheeler, has made the following appointments: Mr. D. V. Newbold (chairman), Mr. R. L. McConnell (managing), Mr. R. J. Barcin, Mr. M. Dosi, Mr. A. J. Criddle, Mr. J. H. Kabsa, Mr. J. T. Kelley, and Mr. J. P. Roebel, directors. Mr. D. L. Jenkins becomes vice-president (marketing) of FWWS Corporation and Mr. C. L. E. Azombar is elected FWWS Ltd. company secretary.

*

Mr. John P. Rycroft has been appointed a director of SKIPTON BUILDING SOCIETY following the resignation of Mr. Dennis E. Riddiough.

*

TRIDENT GENERAL INSURANCE COMPANY is restructuring its home foreign and inward treaty underwriting operations. Mr. James Kinahan, home foreign underwriter, has been appointed principal underwriter for home foreign and inward treaty underwriting and been given the responsibility for the continued profitable development of both accounts. He will be assisted by Mr. John McElroy who has joined the company as treaty underwriter, and Mr. James Dorao, assistant home foreign underwriter, who has been appointed as deputy underwriter.

*

The Transport Minister has appointed Mr. Clifford Ward to the TEES AND HARTLEPOOL PORT AUTHORITY until February 28, 1981.

*

Dr. Malachy J. McIntyre has joined SPERRY UNIVAC as the director of planning and market support services for the international division.

*

Mr. A. J. W. S. Leonard has joined the board of OIL AND ASSOCIATED INVESTMENT TRUST. Mr. Leonard was group treasurer and a director of Shell International until his retirement in 1977. He is a non-executive director of Grindlays Bank, MK Electric, and Norcros.

*

Mr. Reg Henry, general secretary of the Odd Fellows MU Friendly Society, has been elected president of the NATIONAL CONFERENCE OF FRIENDLY SOCIETIES.

*

Mr. A. D. Steel, managing director of Coles Cranes, has been appointed to the board of ACROW. Mr. N. R. Sullivan has joined Acrow as company secretary and group legal advisor.

MFI FURNITURE GROUP LIMITED

(ii) A director, notwithstanding his interest, may vote and be counted in the quorum on any resolution of the board of the Company in respect of the following matters:-

(a) any contract or arrangement for giving to such director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;

(b) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the director has himself guaranteed or secured in whole or in part;

(c) any contract or arrangement by a director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;

(d) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(e) any contract or arrangement concerning any other company (not being a company in which the director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;

(f) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not accord to any director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; and

(g) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner as the employees.

(iii) The aggregate fees of the directors as such shall be such sum as shall from time to time be determined by ordinary resolution of the Company. Such fees shall be divided among the directors as the board may by resolution determine or, failing such determination, equally, except that in such event any director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he has held office.

(iv) Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director. Any director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

(v) A director may act by himself or by his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

(vi) The board on behalf of the Company may exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any director or former director or the relations, connections or dependants of any director or former director provided that no pension, annuity or other allowance or benefit (except such as may be provided for by any other Article) shall be granted to a director or former director who has not been an executive director or held any other office or place of profit under the Company or any of its subsidiaries (or to a person who has no claim on the Company except as a relation, connection or dependant of such a director or former director) without the approval of an ordinary resolution of the Company. A director or former director shall not be accountable to the Company or its members for any benefit of any kind conferred under or pursuant to this Article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

(vii) The board of the Company shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the board of the Company can secure) that the aggregate amount from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to twice the Adjusted Capital and Reserves (as defined in the Articles of the Company).

Subsidiaries

The subsidiaries of the Company, all of which are wholly owned and incorporated in England (unless otherwise stated), are:—

		Issued Share Capital £	Nature of business
(i)	*Trading*		
	MFI Furniture Centres Limited	13,200,000	Furniture Retailers
	MFI Properties Limited	1,000	Property Management
	Mullard Furniture Industries Limited	100	Contract Furniture Wholesalers
	MFI (International) Limited*	5,000	Export Sales of Furniture
	Capital Collections Limited	100	Equipment Leasing
(ii)	*Non-Trading*		
	Ardan Steel Pressings Limited	500	—
	Norse Printing Services Limited	100	—
	MFI (Torquay) Limited	700,000	—
	MFI (Warehouse Sales) Limited	100	—

*Incorporated in Jersey, C.I.

Directors' and Other Interests

(i) The interests of the directors of the Company (as required to be disclosed by the Companies Act 1967) in the share capital of the Company were immediately prior to and immediately after the acquisition of shares by County Bank Limited:—

	Before Beneficial	Before Non-Beneficial	After Beneficial	After Non-Beneficial
A.C. Southon	1,389,984	17,217,204	4,389,984	8,608,602
N. A. V. Lister	30,765,000	7,747,212	15,105,500	3,873,606
J. W. Seabright	224,400	—	224,400	—
S. Chody	271,320	—	271,320	—
D. R. Hughes	68,100	—	68,100	—
D. S. Huot	120,000	—	120,000	—
E. W. Lea	40,000	—	40,000	—
P. A. Lait	700,000	—	300,000	—

The non-beneficial interests of A. C. Southon and N. A. V. Lister include 7,747,212 Ordinary shares of the Company held jointly immediately prior to the acquisition of shares by County Bank Limited and 3,873,606 Ordinary shares of the Company held jointly immediately after such acquisition.

(ii) The directors of the Company have been notified that Mrs. J. W. Searle held 17,465,000 Ordinary shares of the Company (representing 13·23 per cent. of the issued share capital), immediately prior to the acquisition of shares by County Bank Limited. Immediately after such acquisition Mrs. J. W. Searle held 8,732,500 Ordinary shares of the Company (representing 6·62 per cent. of the issued share capital).

(iii) Save as disclosed herein, the directors are not aware of any interest in the issued share capital of the Company which exceeds 5 per cent.

(iv) A reducing but at present significant element of the Group's purchases are supplied by Philip Lait & Co. Limited and by Sudbury Furniture & Finance Limited. P. A. Lait, who is a director of Philip Lait & Co. Limited, has an interest in the share capitals of both companies and is a director of the Company. Save as disclosed herein, there are no contracts or arrangements entered into by the Company or any of its subsidiaries in which any director of the Company has a material interest.

Expenses of the Placing

The expenses of the Placing (including the legal and professional costs of the vendors and of the Company, and the costs of printing, advertising and distributing this document) are estimated to amount to £125,000 and will be paid by County Bank Limited.

Contract with County Bank Limited

By an Agreement dated 16th October 1979, and made between N. A. V. Lister (1) Mrs. J. W. Searle (2) N. A. V. Lister and A. C. Southon as Trustees (3) A. C. Southon, Mrs. J. Douglas-Withers and S. C. Moodley as Trustees (4) the Company (5) and County Bank Limited (6), County Bank Limited purchased from the vendors 33,000,602 Ordinary shares of 10p each in the capital of the Company at a price equivalent to 70.78p per share.

As part of this Agreement, N. A. V. Lister and Mrs. J. W. Searle have each undertaken to County Bank Limited and the Company that (subject to certain exceptions) they will not dispose of any further shares in the Company now beneficially owned by them for a period of at least 4 years from 16th October 1979. N. A. V. Lister, A. C. Southon, Mrs. J. Douglas-Withers and S. C. Moodley have also undertaken to County Bank Limited and the Company that (subject to certain exceptions) they will not dispose of any further shares in the Company now held by them in their respective capacities as trustees for a period of at least 2 years from 16th October 1979.

Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company or its subsidiaries within two years immediately preceding the date of this document and are or may be material:—

(i) Agreement for a building lease dated 24th September 1979 between The Northampton Development Corporation and MFI Properties Limited whereby for a payment of £1,532,700 and an undertaking to erect certain buildings, The Northampton Development Corporation agreed to grant to MFI Properties Limited a lease of 31.7 acres of land in the Brackmills Employment Area, Bedford Road, Northampton for a term of 99 years at an annual rent of £500 during the first 14 years and thereafter at such rent as shall be agreed with The Northampton Development Corporation.

(ii) Option agreement dated 24th September 1979 between The Northampton Development Corporation and MFI Properties Limited whereby for an annual fee of £10,900 The Northampton Development Corporation granted to MFI Properties Limited an option expiring on 31st March 1981 to take a building lease of up to 10·9 acres of land at Brackmills, Northampton for a term of years expiring on 24th September 2078 at a premium calculated at the rate of £48,350 per acre and at an initial annual rent of £100. The lease will contain a covenant to erect certain buildings.

(iii) Facility letter dated 4th October 1979 from County Bank Limited to the Company and MFI Furniture Centres Limited and accepted by such companies on 12th October 1979 whereby County Bank Limited made available a facility in the maximum amount of £6,000,000 for a maximum period of 8 years from 31st October 1980 at an initial margin over County Bank Limited's three, six or twelve month rate in the London Inter-Bank Market of 1¼ per cent., rising to 1½ per cent. after 2 years at County Bank Limited's option (plus a further sum to compensate County Bank Limited for any special deposit or reserve requirements). The amount of such facility will reduce by a maximum amount of £1,000,000 on the third anniversary of the first drawdown and by a further amount on each subsequent anniversary.

Miscellaneous

(i) Save as disclosed herein, there have been no material changes in the financial or trading position of the Group other than in the ordinary course of business since 26th May 1979, the date to which the latest published audited consolidated accounts of MFI Furniture Centres Limited and its subsidiaries were made up.

(ii) An enforcement notice under the Town and Country Planning Act 1971 has been served on MFI Furniture Centres Limited requiring it to cease using the Stourbridge store for retailing. MFI Furniture Centres Limited will be taking the necessary steps to appeal. No other litigation or claims of material importance are pending or, so far as the directors of the Company are aware, threatened against the Company or any of its subsidiaries.

(iii) No unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(iv) Save as disclosed herein, within the two years preceding this document no share or loan capital of the Company or of any of its subsidiaries has been issued for cash or for a consideration other than cash, other than to the Company or any of its subsidiaries, or is proposed to be so issued.

(v) No commissions, discounts, brokerages or other special terms have been granted within two years preceding the date of this document by the Company or by any of its subsidiaries in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

(vi) No director of the Company has a service contract with the Company or any of its subsidiaries other than a contract which can be terminated by the employing company without payment of compensation, other than statutory compensation, within twelve months and at present none is proposed.

(vii) No director of the Company has or had any interest, direct or indirect, in any assets which, within two years of the date of this document, have been or are proposed to be acquired, disposed of by, or leased to the Company or any of its subsidiaries, and which are material in relation to the business of the Company and its subsidiaries taken as a whole.

(viii) The Company has carried on business as a group holding company since 1st June 1979, the date on which the Scheme of Arrangement described above became effective. The expenses of formation of the Company were £250 and were paid by the Company.

(ix) The Company has not received and will not receive any consideration in respect of the shares to which this document relates.

Stockmarket Quotations

The following table sets out the middle market quotations as calculated from The Stock Exchange Daily Official List for an Ordinary share of 10p in the Company on the first dealing day of each of the six months prior to the date of the announcement of the Placing and on 15th October 1979 (the latest practicable day prior to the printing of this document), as adjusted for the shares issued under the Scheme of Arrangement effected on 1st June 1979 and the bonus issue on 20th September 1979:—

1979	Pence
1st May	60
1st June	67
2nd July	85
1st August	75
3rd September	82xd
1st October	87½
15th October	82½

Consents and Documents for Inspection

(i) Berke Cohen Fine & Partners and County Bank Limited have given and not withdrawn their respective written consents to the issue of this document with the inclusion of Berke Cohen Fine & Partners' report and letter and County Bank Limited's letter and references thereto in the form and context in which they are respectively included.

(ii) The following documents or copies thereof may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London, EC2V 5DB, during normal business hours on any weekday (excluding Saturdays) up to 9th November 1979:—

(a) the Memorandum and Articles of Association of the Company;

(b) the audited consolidated accounts of MFI Furniture Centres Limited and its subsidiaries for the last two financial years;

(c) the circular to shareholders containing the Scheme of Arrangement dated 16th March 1979, referred to above;

(d) the above-mentioned consents, the statement of adjustments made by Berke Cohen Fine & Partners in arriving at the figures set out in their report and the reasons therefor and copies of the Contract with County Bank Limited and the contracts listed above under "Material Contracts";

(e) the report and the letters relating to the profit forecast referred to above.

Dated 17th October 1979

Copies of this document may be obtained from:—

County Bank Limited
11 Old Broad Street,
London, EC2N 1BB.

86 King Street,
Manchester, M2 4NR.

West Riding House,
67 Albion Street,
Leeds, LS1 5AA.

1 Randolph Crescent,
Edinburgh, EH3 7TH.

Wellesley House,
37 Waterloo Street,
Birmingham, B2 5JT.

Kemp-Gee & Co.,
20 Copthall Avenue,
London, EC2R 7JS.

de Zoete & Bevan,
25 Finsbury Circus,
London, EC2M 7EE.

Dow 5 up at mid-session on technical rally

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—32½% (32%)

Effective $2.1450 9⅞% (9⅛%)

A FURTHER rally attempt which took place on Wall Street yesterday morning in the aftermath of the recent sharp setback proved more successful, leaving a reasonable gain at mid-session after fairly active trading.

The Dow Jones Industrial Average, down some 67 points since the beginning of last week, recorded an improvement of 5.38 at 834.90 at 1 pm. The NYSE All Common Index regained 33 cents to $58.83, while gains outpaced falls by an eight-to-five margin. Turnover, however, slipped to 20.28m shares from Tuesday's 24.20m.

Analysts saw the gain as another in what is expected to be a pattern of technical rallies in a declining market until stocks adjust to the Federal Reserve's new economic regime and the resulting economic outlook. Fed Chairman Volcker said Fed actions "can hasten, not postpone" the onset of lower interest rates. The economic outlook was further clouded yesterday by comments from Saudi oil minister Sheikh Yamani, who warned that the world oil market is going out of control.

Du Pont rose ⅞ to $40⅞ after reporting a 21 per cent rise in third-quarter profits, while **Monsanto** added ⅝ at $56⅞ following news that its September quarter net jumped 111 per cent. Both companies, however, were cautious about the fourth-quarter outlook.

Rapid-American gained ⅞ to $17⅞. It has proposed to exchange Preference stock for its Common and Convertible Preferred. Rapid's small-lot Common holders will be offered $20 a share cash. The company is to tender for 1.2m of its shares at $12 each.

Volume leader **IBM** set another new low for the year, sliding to $63⅞ before recovering to $64, down ⅞ more.

EMI eased ⅛ to $2⅞. It has rejected Thorn Electrical's bid proposal.

CBS lost ⅛ to $46⅞ but **Bristol-Myers** put on ⅛ to $32⅞. Bristol-Myers has sued CBS for $25m over news reports critical of Bristol's advertising of its Bufferin and Excedrin pain relievers.

THE AMERICAN SE Market Value Index recovered 1.58 to 208.93 at 1 pm. Volume 2.20m shares (2.47m).

Resorts International "A" gained 1⅞ to $26⅞ and **Bow Valley** 1⅞ to $34⅞, but volume leader **Damson Oil** lost 1⅞ to $17⅞. Damson was the subject of bearish Press comment.

Closing prices and market reports were not available for this edition.

Canada

Shares remained easier-inclined in active early trading. The Toronto Composite Index, however, was unchanged at 1,617.3, while Oils and Gas picked up 6.4 to 3,155.7 and Metals and Minerals 3.7 to 1,449.8, but Golds receded 39.5 to 1,975.9. In Montreal, Banks lost 1.03 to 286.14 and Utilities 0.54 to 229.39.

Tokyo

Shares were inclined to lose further ground in active dealings following reports that Saudi Arabian oil minister Sheikh Yamani said the world oil market is going out of control.

Another depressant was the yen's continued decline against the dollar, which could cause large foreign exchange losses for oil companies and produce cost increases for domestic electric power companies and steel makers.

The Nikkei-Dow Jones Average declined 20.53 to 6,496.09 and the Tokyo SE index 1.06 to 453.62, while volume amounted to 430m shares (400m).

Petroleum stocks were widely lower again, with **Daikyo Oil** losing Y10 to Y485.

Some Blue Chips and large-capital stocks like Steel Makers met some heavy selling by corporations. **TDK Electronics** fell Y40 to Y1,670, **Toyota Motor** Y10 to Y878, **Tokyo Electric Power** Y4 to Y871 and **Canon** Y6 to Y560.

However, Shippings, which are expected to increase their earnings because of the recent boost in tanker and freight charges, continued to rise, while Real Estate issues, such as **Heiwa Real Estate**, **Mitsubishi Real Estate** and **Tokyo Real Estate**, attracted further demand as an inflation hedge and rose afresh.

Germany

After a fresh decline early in the session, some sectors picked up to leave an overall mixed appearance at the close after a moderate business. The Commerzbank index, down 11.4 over the past two days, finished 0.6 harder yesterday at 752.6.

Brokers reported that the meeting of the Central Bank Council due to take place today, was discussed on the floor. However, even if the Council should tighten credit by raising Bundesbank's key lending rates — a move that Central Bank officials say is not expected—most Stock Exchange participants feel it would only be an adjustment to conform with prevailing market rates.

In Motors, **Daimler** were finally DM 3 firmer, but **Volkswagen** were down DM 1. **Karstadt** rallied DM 2.80 in Stores and **KHD** put on DM 2 in Engineerings, but **Siemens** shed DM 1.20 more in Electricals. Chemicals were mainly still a shade easier on the day.

Public Authority Bonds ahead up to 40 pfennigs more and the Bundesbank bought a nominal DM 5.5m of paper, compared with purchases of DM 3.8m on Wednesday. Mark-denominated Foreign Loans also continued to weaken.

Paris

After the heavy selling wave which took its toll of share prices on Tuesday, the market moved lower at the outset, but institutional investors soon stepped in to snap up bargains, leaving rises at the end of the day only narrowly trailing declines. The Bourse Industrials index, after falling 5.1 the previous day, finished only 0.6 easier at 94.6. Trading was again active.

Mechanicals, Stores and Hotels improved from their low levels of Tuesday, notably **Poclain**, **Saunier Duval**, **Prenatal** and **Borel**. Portfolios, Foods, Electricals, Oils and Chemicals closed mixed, but selling continued to predominate among metals.

Other issues closing substantially higher were **Revillon**, **BIC**, **Comptoirs Modernes**, **Alsthom**, **Denain**, **BP** and **Moulinex**. The session's weakest spots included **Pechelbronn**, **Alsacienne de Supermarche**, **Labinal**, **Roussel-Uclaf** and **UTA**.

Australia

Markets made a steadier showing yesterday after the recent retreat, with selective bargain hunting lifting some shares late in the session. Market leader **BHP** slipped further to A$9.00 during the morning, but subsequently improved to A$9.10 for a net gain of 4 cents.

There was another flurry of trading in **Ansett Transport**, which finished 9 cents higher at A$2.25 on a volume of around 639,000 spread between the two main Stock Exchanges of Sydney and Melbourne. A feature of the trading was the withdrawal of the broker operating for the Perth-based Bell Group who was pushed out by a broker who usually deals for TNT and for Ansett.

Among Minings, **Western Mining** stood out strongly with an advance of 13 cents to A$3.31; the company has been pumping good news into the market over the past few days but it has only now begun to bite. **BH South**, for which Western Mining has recently made a take-over bid, gained 7 cents more to A$3.57.

MIM, in belated response to a threefold increase in first-quarter earnings, moved ahead 8 cents to A$3.10. **Queensland Mines** climbed 17 cents to A$5.20 and **Bougainville Copper** 4 cents to A$2.16, but Golds were generally easier on the downturn in the Bullion price. Loss of overseas support saw **Peko-Wallsend** decline 30 cents to A$6.64.

Hong Kong

Following a firm start, stock prices mainly declined to close lower on balance after subdued trading on market rumours of a possible rights issue from Hong Kong Electric and renewed unease over interest rates ahead of Saturday's Exchange Banks Association meeting. The Hang Seng index lost 4.06 at 650.96.

Hong Kong Electric shed 10 cents to HK$4.75 and **HK Bank** also 10 cents to HK$14.70, while **Hutchison Whampoa** and **Wheelock "A"** receded 5 cents apiece to HK$7.85 and HK$3.625 respectively. **HK Wharf**, however, gained 25 cents to HK$38.25 and **Jardine Matheson** ended unchanged at HK$12.10.

Among Properties, **Hong Kong Land** relinquished 10 cents to HK$10.40 and **SHK Properties** 30 cents to HK$14.10.

Indices

NEW YORK—DOW JONES

	Oct. 16	Oct. 15	Oct. 18	Oct. 11	Oct. 10	Oct. 2	1970 High	1970 Low	Since Compil't'n High	Since Compil't'n Low
◆ Industr'ls	823.52	831.06	838.99	844.62	849.32	857.59	897.61 (5/10)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	78.83	78.85	79.12	79.58	80.04	80.56	85.10 (15/8)	78.83 (16/10)	—	—
Transport.	238.85	238.46	242.89	243.88	245.25	252.24	271.77 (15/3)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	102.57	102.50	103.42	102.84	101.62	104.84	109.01 (23/8)	98.51 (13/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	33,990	33,000	36,010	47,780	82,000	55,920	—	—	—	—

◆ Day's high 838.07 low 822.68

Ind. div. yield %	Oct. 12	Oct. 0	Sept. 28	Year ago (aprox)
	6.23	5.54	6.66	6.22

STANDARD AND POORS

	Oct. 16	Oct. 16	Oct. 19	Oct. 11	Oct. 10	Oct. 9	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
†Indust'ls	115.49	115.78	116.95	117.68	119.02	119.35	124.49 (5/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.12	103.38	104.49	103.06	105.30	106.63	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 10	Oct. 3	Sept. 26	Year ago (approx
Ind. div. yield %	5.20	4.99	4.97	4.59
Ind. P/E Ratio	7.30	2.13	9.18	9.91
Long Gov. Bond Yield	8.75	6.30	0.18	9.58

N.Y.S.E. ALL COMMON

Oct. 15	Oct. 15	Oct. 12	Oct. 11	1979 High	1979 Low
58.50	58.60	59.29	59.51	62.88 (21/9)	53.88 (27/3)

Rises and Falls

	Oct. 18	Oct. 16	Oct. 12
Issues Traded	1,889	1,906	1,896
Rises	636	268	751
Falls	921	1,334	748
Unchanged	436	315	397
New Highs	2	2	7
New Lows	114	119	96

MONTREAL	Oct. 10	Oct. 16	Oct. 12	Oct. 11	1979 High	1979 Low
Industrial	294.97	299.87	305.47	310.15	332.12 (5/10)	212.10 (2/1)
Combined	281.51	288.19	291.34	294.55	314.35 (5/10)	225.60 (2/1)
TORONTO Composite	1617.3	1643.2	1674.8	1665.6	1804.71 (5/10)	1315.8 (2/1)
JOHANNESBURG Gold	379.0	(u)	365.1	361.6	417.1 (2/10)	229.4 (17/4)
JOHANNESBURG Industrial	387.5	(u)	368.6	363.6	378.5 (2/10)	270.5 (2/1)

	Oct. 17	Previous	1979 High	1979 Low
Australia (¶)	653.79	654.84	692.63 (2/10)	546.73 (2/1)
Belgium (‖)	106.61	108.53	109.47 (6/10)	98.80 (3/1)
Denmark (**)	92.28	92.11	97.46 (25/7)	82.32 (3/1)
France (††)	94.6	95.2	107.1 (2/10)	71.5 (15/2)
Germany (‡‡)	752.2	752.0	839.6 (16/1)	718.4 (7/6)
Holland (§§)	72.7	72.4	85.9 (24/11)	71.3 (7/6)
Hong Kong (¶¶)	650.96	655.02	685.83 (3/10)	493.83 (2/1)
Italy (‖‖)	87.84	85.64	95.86 (4/10)	68.38 (2/1)
Japan (a)	453.62	454.68	466.24 (23/9)	436.1 (13/7)
Singapore (b)	408.73	410.25	425.55 (3/10)	346.34 (23/2)

	Oct. 17	Previous	1979 high	1979 Low
Spain (d)	99.28	—	111.96 (5/3)	98.737 (6/10)
Sweden (c)	339.91	338.13	401.34 (6/2)	331.3 (24/9)
Switzerld (f)	321.4	321.8	329.1 (2/5)	294.8 (3/1)

All indices have base values of 100 except NYSE All Common—50; Standards and Poors—10 and Toronto—1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
IBM	954,800	64⅛	−1⅛
Fleetwood Ent.	646,600	7⅛	−⅛
Am. Tel. & Tel.	353,900	52⅞	+⅛
Nat. Semicndctr.	308,600	33⅜	+⅛
Contl. Air Lines	308,400	9⅝	+⅛
Mobil	306,500	48	−1⅛
Occidental Pet.	305,700	25⅛	+⅛
Bally Mfg.	300,800	27⅞	−1
Citicorp	296,500	21⅛	+⅛
EMI	264,200	2⅞	+⅛

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated. ◆ Pta 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ◆ FFr 500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

GERMANY ◆

Oct. 17	Price DM.	+ or —	Div. %	Yld. %
AEG	40.1	−0.2	—	—
Allianz Versich.	490	+2	31.2	3.2
BHF-BANK	183	−1	28.12	7.2
BMW	176.0		28.12	8.0
BASF	141.6	−0.4	18.76	6.6
Bayer	131.0	−0.6	18.76	7.2
Bayer-Hypo	241	−1	28.12	5.8
Bay.Vereinsbk	281	−1	28.12	5.0
Commerzbank	194	−1	26.56	6.8
Conti Gummi	01.5	−0.5	—	—
Daimler-Benz	255.0	+3.0	28.12	2.5
Degussa	244.0	−1.5	20.56	5.6
Demag	153.2	−0.3	17.18	11.2
Deutsche Bank	250.3xr	+0.8	28.12	6.4
Dresdner Bank	202.2	−1.5	28.12	6.9
Dyckerhoff Ze't.	187	−3	12.5	4.0
Gutehoffnung	202	−1	18.75	4.6
Hapag Lloyd	86.2	−0.8	9.38	10.8
Harpener	164		10.6	4.8
Hoechst	130.1	−0.7	18.78	7.2
Hoesch	41	−0.7	—	—
Horten	127		0.37	3.7
Kali und Salz	147	−1	1.66	6.3
Karstadt	867.8	+2.8	26.44	4.3
Kaufhof	198.0		25	6.2
KlocknerDM.100	68.5	−0.0	—	—
KHD	212.0	+2	21.88	5.2
Krupp DM 100.	79	−3	—	—
Linde	292		26	4.3
Lo'Brau DM.100	1,455	−16	26	1.7
Lufthansa	86.0		10.94	9.4
M.A.N.	188	−1	21.88	0.9
Mannesmann	153.5		17.18	5.6
Metallges.	241	−1	12.5	2.7
Munchener Rck	635	+0	28.12	2.2
Neckermann	143.5	+0.5	—	—
Preuss'g DM100	164.6	−0.5	—	—
RheinWestElect	185	−1	20	6.8
Schering	224.0	+0.6	28.12	6.3
Siemens	268.3	−1.2	25	4.0
Sud Zucker	267	−2	29.68	6.5
Thyssen A.C.	88	−0.2	10.8	6.9
Varta	169		16.18	5.0
VEBA	147.6	−1.0	8.72	6.4
Vereins&W'stBk	279		28.12	6.0
Volkswagen	107.6	−1	28.12	7.0

AUSTRALIA

Oct. 17	Aust. $	+ or —
ACMIL (25 cents)	†0.74	+0.01
Acrow Australia	†0.93	
Allstate Explorations	†0.39	
AMATIL $1	†2.30	
Ampol Exploration	†1.78	+0.08

STOCKHOLM

Oct. 17	Price Kronor	+ or —	Div. Kr.	Yld %
AGA AB (Kr. 50)	135		5	3.6
Alfa Laval (Kr.50)	124	+2	9	5.0
ASEA (Kr.50)	67.5	+1.0	6	7.6
Atlas Cop. Kr.25	73	+1.5	6.8	8.8
Billerud	60.5		—	—

CANADA

Securities Rand U.S.$0.87⅞ (Discount of 25⅞%)

Source: Nikko Securities, Tokyo

Source: Rio de Janeiro SE.

COMMODITIES AND AGRICULTURE

Sharp fall in cocoa market

By Richard Mooney

A NEW wave of speculative selling pushed cocoa prices lower on the London futures market yesterday.

Nearby values opened about £20 down based on an overnight fall in New York and moved still lower as speculative selling easily outweighed modest manufacturer off-take.

The March futures position established a £40 permissible limit fall during the afternoon before ending the day £31 down at £1,416.5 a tonne.

The Ministry of Agriculture announced yesterday that UK cocoa bean grindings in the third quarter of 1979 totalled 12,300 tonnes, 22.6 per cent less than in the corresponding period last year. But London traders said the fall was not unexpected

Cocoa industry sources pointed out that the decline was not entirely due to reduced consumption. They said it also reflected a strike at Cadbury's *Bourneville* factory in June and July and increased imports of cocoa products.

Trade Department figures show that while British cocoa bean imports fell to 52,583 tonnes in the first eight months of 1979 from 68,891 tonnes a year earlier, cocoa butter imports rose to 25,745 tonnes from 20,347 and cocoa powder imports doubled to 1,167 tonnes.

Drought cuts U.S. winter wheat hopes

CHICAGO — Drought in the southern great plain has caused a "drastic turnaround" in the outlook for the U.S. winter wheat crop, grain trade sources said here.

They noted that until about six weeks ago there was good rain and that conditions going into the planting season looked excellent. *But with virtually no rain since,* conditions have deteriorated badly.

The sources said the crop is unlikely to be much above average.

"Six to eight weeks ago, I went on record that conditions would lead to another large crop, predicting 400m plus bushels for Kansas," Mr. Thomas Roberts, president of The Wheat Improvement Association, said. "Now, I would expect the crop to be back around the 10 year average, at 330m to 350m bushels."

Reuter

Dairies pay for farmers' milk price increase

BY CHRISTOPHER PARKES

THE INCOMES of farmers and the Milk Marketing Board will be boosted by a 10 per cent (a 1.1p a litre) increase in the wholesale price of milk on November 1, and door-to-door delivery companies will have to foot the bill.

Announcing the rise yesterday, Mr. Peter Walker, Minister of Agriculture, said the retail price would remain unchanged at 15p a pint.

Since distributors will be unable to recoup the extra cost of milk from the consumer—the price is fixed by the Government—their margins will once again be "squeezed," Mr. John Travers Clarke, president of the Dairy Trade Federation said.

The wholesale price increase effectively deprives the distributive industry of almost all the benefits gained from the 1.5p a pint increase in retail prices in June.

Only a tiny fraction of that rise reached the farmers, with the balance going to dairy companies who were facing difficulties because of a costly wage settlement.

Mr. Steve Roberts, chairman of the Milk Marketing Board, refused to say how the extra income would be split. That was a decision for the Board, he said.

Farmers will need more to help them cover the high cost of producing milk in the winter. Grass is not available and cows have to be fed on expensive cereal based diets.

But the Milk Marketing Board is also in need of funds, primarily to help it pay for its purchase earlier this year of 16 butter and cheese factories from Unigate.

The National Farmers' Union responded with a demand for further measures to boost dairy producers' incomes.

"*This goes some way to meet* the urgent need for extra funds for producers but it still leaves them with significantly depressed real income this year," said Mr. Tom Boden, deputy president of the union.

While consumers have not been burdened with the extra cost of milk production, an increase in retail prices must come shortly. There is speculation that the cost of a pint will go up early in January.

Explaining his moves to the Dairy Trade Federation annual lunch in London yesterday, Mr. Walker noted that doorstep sales of milk had fallen 3 per cent last month.

He stressed that door-to-door sales of liquid milk had to be maintained in the interest of agriculture and the industry as a whole.

The scale of the wholesale price increase clearly took the distributors by surprise. Mr. Travers Clarke, chief executive of Express Dairies, admitted that he had been expecting a rise of only 0.5p a litre.

Stockpile move unsettles tin

BY JOHN EDWARDS, COMMODITIES EDITOR

NEWS THAT the U.S. Senate had approved a Bill authorising the disposal of 35,000 tons of surplus tin from the strategic stockpile brought a mixed reaction on the London Metal Exchange yesterday. Cash tin dropped by £225 to £7,450 a tonne, but the three months quotation closed £15 up at £7,175.

The sharp drop in the cash price was mainly the result of an easing in the shortage of nearby supplies, reportedly following the arrival of a delayed shipment. One broker was understood to be charging another company, with some outstanding commitments, as much as £250 a tonne to "lend" (sell cash and buy forward) for one day.

Once this pressure eased, prices tumbled, encouraged by the fall in Penang overnight, reflecting the further move towards U.S. stockpile sales.

However, London traders pointed out that any releases from the stockpile were unlikely to be available until next January at the earliest. The Bill approved by the Senate now has to be reconciled with a similar measure passed by the House of Representatives

The main difference between the two Bills passed is believed to be that the measure approved by the Senate includes provision for the sale of 139.5m ounces of surplus silver held in the *stockpile*.

A likely compromise is that authorisation for the silver sale will be dropped. But this will take time to negotiate, so by the time all the legislative processes have been gone through it is expected to be several months before any stockpile tin becomes actually available.

Meanwhile, at the American Metal Market Forum in London yesterday, Abdul Rahim Aki, chief executive of the Malaysian Mining Corporation, claimed there was little justification at this stage for the U.S. to release surplus stockpile tin.

He said producers had always held the *view* that the *sale* of stockpile tin was only justified in circumstances of a persistent deficit in supplies.

He added that it would not, in his view, be in the best interests of the industry to see tin turned into an Opec-type cartel, since oil producers emphasised the need for conservation whereas tin producers sought to encourage tin consumption in line with exploitation of their reserves.

Copper balance restored

BY OUR COMMODITIES EDITOR

THE COPPER market has now been restored to reasonable supply-demand balance, Thomas Barrow, chairman of the Kennecott Copper Corporation, told the American Metal Market Forum in London yesterday.

He said the global glut of copper that caused prices to plummet had all but disappeared and consumption of copper had continued to exceed supply this year. This provided a basis for optimism in 1980.

The history of the copper industry showed that when the market began to look good, the response of increased supply was never far behind since abundant copper orebodies were available.

● In New York, Copper Range announced it had cut its base price for refined copper by 5 cents per pound to 90 cents.

ICI lifts fertiliser prices

By Sue Cameron, Chemicals Correspondent

IMPERIAL CHEMICAL Industries is putting up the price of its nitrogen fertiliser by 6 per cent while the prices of its compounds are to be increased by an average of 10 per cent. The price rises will take effect from the beginning of December.

The group said it had been forced to raise its fertiliser prices because of escalating costs. This latest round of increases follows an across the board rise of 8 per cent in ICI fertiliser prices in June this year.

ICI said its compound fertiliser price rises were were largely the result of increased charge for *phosphate* and potash. There had been a "significant" increase in freight costs for phosphate which has to be imported. Freight charges for potash had also risen as had manufacturing costs.

The group said this week that "substantial" rises in the cost of sulphur, which is used in the manufacturing of compound fertilisers, had also contributed to the need for higher prices. Increased manufacturing and distribution costs, notably higher fuel prices, were the main reason for the decision to put up the price of straight nitrogen fertiliser.

Last month ICI brought on stream a new 430,000 tonnes *a year nitrogen fertiliser* plant at Billingham, Cleveland. The UK market for nitrogen fertiliser, which is expanding faster than that for compounds, is estimated to be growing at around 6 per cent a year.

EEC lifts sugar export tender

BRUSSELS — The EEC commission authorised exports of 62,500 tonnes of white sugar at its weekly export tender, yesterday. This compares with 59,500 tonnes last week and is the highest allotment this season.

The rebate covered 48,250 tonnes awarded to trade houses in France, 2,500 in West Germany, 2,500 in Belgium and 9,250 in the UK.

The Commission will open a new weekly export tender for raw European beet sugar from October 24, sources said.

Reuter

MEAT TRADE

Call for more Welsh abattoirs

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH office and the Ministry of Agriculture were acutely embarrassed yesterday by the publication of a Welsh Development Agency report recommending a major expansion in meat slaughtering and processing facilities in the principality.

Less than two months ago, the two departments firmly rejected an application for Government aid for an ambitious new Welsh abattoirs venture, one near Lampeter, mid-Wales and the other at Corwen, north-east Wales, by a newly-established company, Welsh Meat Holdings. It was stated at the time that the scheme, aimed particularly at exporting Welsh lamb to EEC markets, was "not viable."

But the WDA report—a detailed study of the meat slaughter and processing industry in Wales by P. A. Management Consultants—specifically concludes that there is scope for two totally new abattoir complexes in Wales.

"*Production of livestock* in Wales is substantially above local slaughtering levels. We estimate that 80 per cent of lamb and cattle production was sent out of Wales in 1977 for immediate slaughter or as stores," the report states.

"In the same year, slaughterings of lambs in Wales was equivalent to 160 per cent of domestic consumption of home produced lamb. However, cattle slaughterings represented only 45 per cent of local beef consumption and pig slaughterings a mere 23 per cent of total pork and bacon consumption."

Total abattoir capacity in Wales is estimated at some 710 cattle units per year—the largest 22 plants accounting for 80 per cent of this. "In our view a capacity of some 1m cattle units with a utilisation rate of 70-75 per cent would be justified. This represents an increase of some 50 per cent on current capacity and 100 per cent on current slaughtering levels.

"The main component of this capacity should be three large abattoir complexes and associated boning, vacuum packing, offal treatment and possibly meat manufacturing facilities. Capacity of each should be in the range of 100-150,000 cattle units per year," the report states.

The prime outlets for this new capacity would be domestic Welsh markets, including supermarkets and multiples, the English market, and export markets including Europe and the Middle East. It further suggests that one new abattoir should be located in north-east Wales for access to the Midlands and Merseyside, and the other in south-east Wales, for the south-east and main export ports to the Continent.

But the report stresses: "Our recommendations on the size and location of these new abattoir developments must, of course, pay regard to the ventures under construction by *Welsh Meat Holdings* at Lampeter and possibly later at Corwen. Should these schemes be realised, then the opportunities for additional capacity would be severely reduced."

Mr. Colin Forsythe, the financial backer of Welsh Meat Holdings, said yesterday he had written to the Welsh Office to point out the report's conclusions. But he did not expect it to make any difference.

After two years of prevarication and being passed around Government departments, he no longer had any faith in civil servants and was now seeking financial partners elsewhere.

Because of the refusal of Government aid, the company had been forced to revise its financial calculations and, for the time being, work at the Lampeter site had been halted. But there was no question of the venture, on which £1m has already been spent, being abandoned. "What I have planned will come to pass," he said. The WMH venture would increase Wales' total slaughter capacity by 65 per cent.

Pressed to comment, a Welsh Office spokesman said it was considered that Welsh Meat Holdings plans did not meet the conditions of the aid scheme.

"Whatever may be contained in the report, it does not alter the fact that in this case, various conditions were not met," he said. The spokesman added he could not go into detail. Particular aspects of the application were a matter of confidence between the company and the Welsh Office, he said.

Bacon curers priced out of pig market

BY CHRISTOPHER PARKES

BACON CURERS are in danger of being priced out of the market for pigs in the wake of the recent upsurge in prices for pork. While best quality bacon pigs are now fetching around 87p a kilo, pork animals, which are less costly to produce, are selling at about 90p.

Mr. George Cattell, group managing director of FMC, the meat group, warned yesterday that his company, the biggest curer in Britain, might be forced to cut bacon production.

"We do not intend to allow pig prices to push to the point at which we would lose the new and profitable business we have gained," he said.

"If the margins we need are threatened we may be forced to reduce our intake of pigs and our output of bacon."

Mr. Cattell commented that although most producers seemed to be prepared to stay with specialist bacon pig production, some factories were having trouble finding supplies at reasonable prices.

He added that so far this year bacon production had been profitable, but not profitable enough to permit the necessary level of investment in improvements needed

During the past year, he claimed, FMC had succeeded in increasing sales of its Harris Crown Brand bacon by more than 20 per cent, and business with supermarkets and the national multiples was still growing at the expense of British curers' competitors.

"If FMC does not now reinforce its success and build for tomorrow, the prospects for UK bacon will be poor indeed," Mr. Cattell said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Erratic on the London Metal Exchange in a market without fresh features. Forward metal started at £905, fell to £885 and then climbed to £910, remaining steady in the morning Rings. Some fairly good buying, with the trade involved, and a steady Comex opening pushed the price to £921, but it could not maintain this level. It slipped to £911 and closed on the Kerb at £913. Turnover 14,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	907-8	-38.5	909-11	+4
months	913-4	-38	916.5-7	+2.25
Settlem't	908	-39	—	......
Cathodes				......
Cash	897-8	-41.5	903-6	+5.5
months	898-9	-41	903-6	+6.5
Settlem't	898	-42	—	......
U.S. Prod	—	......	96-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £907, three months £910, 11, 12, 13, 11, 12, 14, 12, 11, 12, 10, 0, 10, 11, 12, 13. Cathodes cash £899, 98, three months £900, 899, 98, 99. Kerb: Wirebars three months £912, 13, 14, 16, 15. Afternoon: Wirebars three months £917, 16, 20, 16, 17, 16, 17. Kerb: Wirebars three months £914, 13, 15, 16, 14, 13, 12, 13, 12, 11, 12, 11.

TIN—Little changed for forward material but the cash price eased as more shipments arrived and the nearby tightness relaxed. The East was lower overnight and the forward price started at £7,140, but fell to £7,110 on hedge selling. There was a rally to £7,210 on covering against U.S. physical business and the close on the Kerb was £7,200. Turnover 1,130 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7460-70	-265	7450-70	-225
3 months	7110-25	-200	7170-80	+10
Settlem't	7470	-270	—	......
Standard				
Cash	7460-70	-265	7430-70	-225
3 months	7110-5	-205	7170-80	+18
Settlem't	7470	-270	—	......
Straits E.	‡$1995	-31	—	......
New York	—	......	—	......

Morning: Standard cash £7,500, three months £7,140, 30, 7,100, 10, 20, 50, 40, 30, 20, 10, 15. Kerb: Standard three months £7,110, 20. Afternoon: Standard, three months £7,110, 25, 40, 50, 60, 70, 80, 90, 7,200, 7,190, 85, 90, 80. Kerb: Standard three months £7,180, 7,210, 7,190.

LEAD—Firmer as the market recovered from early stop-loss selling *which took forward metal to £598.* Short covering and fresh buying took the price to £614-£615 before influential selling clipped gains. But in the afternoon the price moved between £612 and £616 before slipping on the Kerb to £609 and a close of £612.5. Turnover 4,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	625-5	+.5	626-8	+16.5
3 months	610-1	-5	612-4	+7.5
S'ment	625	+1	—	......
U.S. Spot	—	......	*58-66	......

Morning: Cash £625, three months £612, 13, 14, 12, 10. Kerb: Three months £611, 12. Afternoon: Three months £614, 15, 14. Kerb: Three months £611, 13, 10, 9, 10, 11, 13.

ZINC—Easier. Trading was routine in the morning as forward metal held between £320 and £325. In the afternoon there was initial firmness under the influence of copper, but on the Kerb light stop-loss selling emerged and the close was £318.5. Turnover 2,925 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	310-1	-4.5	310-11	-2
3 months	320-1	-4.5	320-1	-2
S'ment	311	-6	—	......
Prim w'st	—	......	*37	......

Morning: Three months £325, 22, 22.5, 23, 21, 20. Kerb: Three months £321. Afternoon: Three months £323, 22, 21, 20, 20.5. Kerb: Three months £318, 15, 14, 16.

ALUMINIUM—Active with forward *metal* initially trading around £750 in a market characterised by short selling. But trade buying and stop-loss purchases lifted the price to £773. The close on the Kerb was £768. Turnover 3,526 tonnes.

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	812-7	+8.5	810-20	+7.5
3 months	760-2	-9.5	765-6	+8

Morning: Three months £757, 58, 60, 63, 65, 63, 62. Kerb: Three months £763. Afternoon: Cash £815, three months £763, 62, 63, 64, 65. Kerb: Three months £770, 67, 65, 66, 68.

NICKEL—Quiet with forward metal remaining at £2,770 throughout the day. Turnover 162 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2735-40	+9.5	2730-50	+28
3 months	2770-90	......	2770-80	+20

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £2,730, 35, three months £2,770.

SILVER

Silver was fixed 30.1p an ounce lower for spot delivery in the London bullion market yesterday at 780.1p. U.S. cent equivalents of the fixing levels were: spot 1,680.0c, down 65.4c; three-month 1,726.8c down 65.1c; six-month 1,757.4c, down 58.9c; and 12-month 1,808.8c, down 58.8c. The metal opened at 770-805p (1,650-1,725c) and closed at 770-795p (1,650-1,700c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	781.80p	-28.4	768.6p	-29.0
3 months	803.10p	-28.9	788.6p	-30.5
6 months	815.10p	-25.5	—	......
12 months	841.10p	-24.5	—	......

LME—Turnover 185 (166) lots of 10,000 ozs. Morning: Three months 805, 800, 799, 99, 98. Kerb: Untraded. Afternoon: Mid-December 785.5, three months 799, 800, 791, 88. Kerb: Three months 786.

COCOA

Opening £20 lower, as expected, levels eased through the limit down before buying interest from European industry steadied the market. At the *close levels had recovered £10 from the* lows of a day of active trading but nil participation from origins, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1398-1399	-38.5	1415-1390
March	1415-1418	-31.0	1453-05
May	1439-1440	-31.5	1467-30
July	1461-1464	-29.5	1482-56
Sep	1485-1488	-30.5	1500-1479
Dec.	1515-1520	-26.0	1510
March	1525-1550	-30.0	—

Sales: 6,740 (3,774) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price Oct. 16 138.15 (137.53); Indicator price Oct. 17: 15-day average 145.33 (145.[illegible]); 22-day average 145.48 (145.98).

COFFEE

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
November	1760-61	-28.5	1811-1780
January	1794-96	-22.0	1838-1793
March	1781-89	-16.0	1817-1780
May	1769-70	-8.0	1782-65
July	1774-80	+7.0	1780-68
Sept.	1775-78	+16.0	1785-70
November	1769-70	+15.0	1790-70

Sales: 6,563 (10,372) lots of 5 tonnes.

ICO Indicator prices for October 16 (cents per pound): Other Mild Arabicas 208.33 (207.83). Robustas ICA 1976 183.25 (182.50). ICA 1968 183.50 (182.75). Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 201.22 (200.89).

GRAINS

LONDON GRAIN FUTURES — The market opened 15p-20p higher. Wheat saw fairly active trading at the opening levels but commercial selling at 20.25p higher eased values back to close unchanged to 15p up on the day. Barley was generally neglected and values closed 5p-20p lower in thin volume. New *crops remained* unchanged with no trades, Acli reported.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Nov.	94.75	+0.05	92.65	+0.95
Jan.	99.95	+0.70	97.05	-0.05
Mar.	*102.90*	+0.10	*100.30*	*-0.20*
May	106.05	+0.15	103.30	-0.10
Sept.	98.25	......	95.20	......

Business done—Wheat: Nov. 95.00-94.70, Jan. 99.45-99.25, March 103.05-102.90, May 106.20-106.00, Sept. unquoted. Sales: 284 lots of 100 tonnes. Barley: Nov. 92.85-92.65, Jan. 97.25-97.00, March 100.60-100.30, May *103.55-103.40, Sept. unquoted. Sales:* 98 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Other milling wheat: Eastern 100.90, E. Midlands 99.80, N. East 96.00. Feed barley: Eastern 91.30, E. Midlands 90.00, N. East 91.10, Scotland 89.60.

The UK Monetary Coefficient for the week beginning Monday, October 22, is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Oct. 102.25, Nov. unquoted, Dec. 106.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. 103.45, Nov. unquoted, Dec. 105, transhipment East Coast. EEC unquoted. Maize: U.S./French unquoted. S. African White unquoted. S. African Yellow Oct.-first half Nov. 78.50, second half Nov. 79.00. Barley: English Feed fob April-June 105.75 paid, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only): Oct. 236.0, unquoted; Dec. 218.0, 236.0; March, May, July, Oct., Dec., March and May 228.0, 238.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only): Oct. 195.0, 208.0; Dec. 204.0, 208.0; March, May, July, Oct., Dec., March and May 204.0, 210.0.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron Contract: Oct. 431.0, 436.0, *433.0-430.0, 14; Dec. 433.0, 436.0, 438.0-*429.0, 177; March 446.0, 448.0, 455.0-422.0, 371; May 450.0, 451.0, 454.0-443.0, 260; July 452.0, 453.0, 455.0-443.0, 153; Oct. 456.0, 458.0, 458.0-451.5, 25; Dec. 457.0, 458.0, 456.5-451.5, 28; March 453.0, 455.0, 460.0-455.0, 56. Sales: 1,084.

RUBBER

The London physical market opened slightly easier. With little interest throughout the day, closing on an uncertain note. Lewis and Peat reported a Malaysian godown price of 281 1.. cents a kg (buyer, November).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Nov.	60.90-61.00	61.50-61.55	60.95-60.60
Dec.	62.10-62.20	62.50-62.60	61.80
Jan-Mar	64.00-64.05	64.50-64.60	64.80-63.95
Apr-Jne	66.90-66.95	67.35-67.40	67.50-66.75
Jly-Sept	69.35-69.40	69.85-69.90	69.50-69.25
Oct-Dec	71.90-72.05	72.35-72.40	72.05-71.75
Jan-Mar	74.40-74.50	74.85-74.90	72.05
Apr-Jne	76.80-77.00	77.35-77.40	77.00-76.75
Jly-Sep	79.50-79.55	79.80-79.90	79.65-79.25

Sales: 251 (231) at 15 tonnes, 5 (6) at 5 tonnes.

Physical closing prices (buyer) were: Spot 60.50p (61.00p); Nov. 63.60p (64.25p); Dec. 64.75p (65.00p).

SOYABEAN MEAL

The market opened with gains of 60p due to a weaker sterling and remained steady throughout the trading day in very thin conditions, reported T. G. Roddick.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	115.50-16.0	+1.75	—
December	118.50-18.7	+0.90	118.50-17.50
February	120.40-20.8	+0.80	120.50-19.50
April	121.60-21.7	+0.70	121.80-21.00
June	122.20-23.5	+0.85	—
August	122.00-26.0	+0.75	—

Sales: 67 (106) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £143.00 (£144.00) a tonne cif for Oct.-Nov. shipments. White sugar daily price was £152.00 (£149.00).

The market opened lower but quickly found support some £3.00 below overnight *levels* and a small recovery followed, this was short lived, however, and by midday further losses had been recorded. Arbitrage buying from New York during the late afternoon caused prices to revert to around opening levels but trade selling hindered the rally and at the close the market settled into a range some £1.25 *below* the high's of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	151.85-51.95	150.25-50.75	155.50-49.00
March	155.45-55.55	154.25-54.50	158.75-53.35
May	157.00-57.50	155.90-55.90	159.50-55.00
Aug.	158.50-58.75	158.20-58.30	162.00-57.70
Oct.	161.65-61.75	160.40-60.50	163.50-60.00

Sales: 6,643 (10,060) lots of 5 tonnes.

Tate and Lyle, ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £216.00 (£216.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for October 16. Daily price 12.33 (12.10); 15-day average 11.04 (10.86).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 154.00, 156.50, 154.25, 45; April 155.50; 159.00; nil, nil; July 158.00, 163.00, nil, nil; Sept. 163.00, 167.00, nil, nil; Nov. 168.00, 171.00, 170.00-168.00, 3; Feb. 171.00, 177.00, nil, nil; April 174.00, 183.00, nil, nil. Sales 48.

*

HIDES—Birmingham: Weaker. Ox 31-35.5 *kilos, 58.0p a kilo (60.0p* withdrawn); 26-30.5, 63.0 (69.0); 22-25.5, 68.0 (75.0). Light cows 61.5p (68p).

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 17 1979	+ or —	Month ago
Metals			
Aluminium	£750/60	......	£710/50
Free Mkt (cts)	$1630/1650	......	$1565/80
Copper			
Cash w'bar	£910	+4	£924.5
3 mths	£916.75	+6.25	£932.25
Cash Cathods	£904.5	+5.5	£898.5
3 mths	£904.5	+6.5	£900.25
Gold troy oz.	$383.5	-8	$374.0
Lead cash	£627	+16.5	£520
3 mths	£613	+7.5	£524.5
Nickel	£3,060.62	......	£2,959
Freemkt (cif lb)	255/280c	......	250/275c
Platin'mtr'y oz	£181.0	......	£172.5
Free mkt	£224.00	-4.75	£205.55
Quicksil'ver	$385/390	......	$295/310
Silver troy oz	791.80p	-28.4	850.50p
3 months	803.10p	-26.95	877.0p
Tin Cash	£7,450	-225	£6,937.5
3 mths	£7,175	+15	£6,927.5
Tungsten	$142.36	......	$130.98
Wolfrm 22.04 cif	$141/146	......	$144/148
Zinc cash	£310.5	-2	£331.5
3 months	£320.5	-2	£341.5
Producers	$760	......	$760
Oils			
Coconut (Phil)	$930.0p	-10	$950
Groundnut	‡		‡
Linseed Crude	£396	-9	£435
Palm Malayan	*$600.00r*	*-10*	$647.0
Seeds			
Copra Phillip	$605r	......	$612.5
Soyabean (U.S.)	$278	......	$299.75
Grains			
Barley Futures	£97.05	-0.05	£93.60
Maize			
French No3AM	‡	......	£110.50
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£105.45q	+0.60	£103.65
Eng. Milling†	‡	......	£95.0
Other commodities			
Cocoa ship't	£1,484	-39	£1,630
Future Mar.	£1,416.5	-31	£1,543.5
Coffee Ft'r Jan.	£1,795	-22	£1,918.5
Cotton A.Index	78.25c	-0.6	77.40c
Rubber (kilo)	60.50p	-0.5	61.25p
Sugar (Raw)	£143.0	-1	£119.0
Wooltp's 64s kl	295p	......	272p

* Nominal. † New crop. ‡ Unquoted. *p* Oct.-Nov. *q* Nov. *r* Nov.-Dec. *s* Dec. *t* Jan. *z* Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 128 tonnes, bringing the total for the week so far to 555 tonnes. Limited offtake continued, as few users were in the mood to anticipate engagements. Follow-on purchases in African qualities provided the bulk of the turnover.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 60.0 to 64.0, Eire hind quarters 68.0 to 72.0, fore quarters 42.0 to 44.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 46.0 to 54.0, medium 46.0 to 51.0, heavy 40.0 to 46.0, Scotch medium 46.0 to 50.0, heavy 40.0 *to* 46.0. *Imported* frozen—NZ PL 52.0 to 52.0, PM 47.0 to 48.5. — Pork English, under 100 lbs 44.0 to 50.0, 100-120 lbs 42.0 to 49.0, 120-160 lbs 38.5 to 48.0. Hares: English (large) each 200.0 to 230.0. Partridges: Young each 170.0 to 240.0. Pheasants: Best per brace 360.0 to 460.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 17. GB cattle 74.65p per kg.l.w. (+0.13). UK sheep 113.8p per kg.est.d.c.w. (−4.0). GB pigs 70.1p per kg.l.w. (−0.6). England and Wales: Cattle numbers up 6.2 per cent average price 73.61p (+0.07). Sheep numbers down 23.7 per cent average price 106.2p (−4.3). Pig numbers down 9.8 per cent average price 70.1p (−0.6). Scotland: Cattle numbers up 0.3 per cent average price 76.87p (+0.48). Sheep numbers down 23.7 per cent average price 10.2p (−3.3). Pig numbers up 20.0 per cent average price 66.6p (−3.5).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—S. African: Valencias 4.00-6.30; *Brazilian:* 4.20-5.50. Satsumas—Spanish: 115/189's 4.80-5.80. Lemons—Italian: 100/150's 6.00-6.20; Cyprus: 6.00; Turkish: 100/120's 6.00-6.20; S. African: 4.20-7.60. Grapefruit—Cyprus: 6.00-6.30; Jaffa: 4.90-5.80. Apples—French: Golden Delicious, boxes 40-lb 138/175 3.40-4.00, 20-lb 1.50-2.30; jumble pack 31-lb 2.00-2.60, Granny Smith 20-lb 2.50-3.20; Hungarian: Starking 43-lb 138's 6.00. Pears—Spanish: Williams per pound 0.13; Italian: Williams per pound 0.14-0.17. Grapes—Italian: Regina 10-lb 1.80-1.80, Black 2.50, Wine Grape approx. 16-lb 2.60, Italia per pound 0.24; Spanish: Almarie 2.40-2.50, Black 2.70-2.80. Bananas—Jamaican: Per 28-lb 4.00. Avocados—Canary: 5.00; Israeli: 3.60-*4.40. Melons—Spanish: Yellow honey*dew 10-kilos 11/14's 2.70-3.20, Green 2.60-3.60. Onions—Spanish: 3.30-3.70; Dutch: 2.00-2.20. Tomatoes—Dutch: 2.00-2.20; Spanish: 1.80-2.20. Cabbages—Dutch: White, net 2.50. Pomegranates—Spanish: Trays 2.50-3.00. Cucumbers—Canary: 10/12's 2.00-2.80. Dates—Tunisian: 30's per box 0.36-0.42. Chestnuts—Italian: 10-kilos 5.00-7.00; Spanish: 5-kilos 3.00-4.00. Walnuts—Grenoble. Per pound 0.40.

English produce: Potatoes—Per bag 1.50-2.40. Lettuce—Per 12 round 0.80-1.20. Cos 1.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.06-0.10, Howgates 0.06-0.08, Worcester Pearmain 0.06-0.08, Cox's *Orange Pippin 0.05-0.12, Russets 0.06-*0.09, Lambournes 0.06-0.07, Charles Rose 0.07-0.09

AMERICAN MARKETS

NEW YORK, October 17.

THE SILVER market closed limit down while gold was sharply lower on Commission House liquidation. Copper, responding to good trade inquiry, closed higher. Cotton backed off from its highs to close moderately lower on profit-taking after Tuesday's impressive rally. Cocoa was fractionally higher *on light Commission House buying.* Sugar was slightly lower on Commission House liquidation and unfavourable prospects for Congressional passage of the ISA implementing legislation. Grains and soyabeans closed slightly higher on limited commercial buying. The livestock complex was mixed in a wide range, with positions evened up before the cattle feed report on Thursday, Heinold reported.

Copper—Oct. 86.80 (85.00), Nov. 87.20 (85.50), Dec. 88.20-88.50, Jan. 89.10-89.50, March 89.30-89.80, May 90.30-90.50, July 90.40, Sept. 90.70, Dec. 91.20, Jan. 91.40, March 91.80, May 92.20, July 93.50, Sept. unquoted.

*Gold—Oct. 385.30 (387.60), Nov. 388.00 (390.60), Dec. 391.50-394.00, Feb. 401.00, April 410.00, June 419.40, Aug. 427.90, Oct. 436.10, Dec. 444.10, Feb. 451.90, April 460.00, June 467.50, Aug. 475.20.

*Platinum—Oct. 486.60 (494.00), Nov. unquoted (unquoted), Dec. unquoted, Jan. 486.00-497.00, April 487.50-489.50, July 494.60, Oct. 498.80, Jan. 502.60, April unquoted.

Potatoes (round whites)—Nov. 81.5-62.5 (61.1), March 72.5-73.0 (70.5), April 91.0-92.0, May 98.6-98.9. Sales: 985.

¶Silver—Oct. 1695.0 (1685.0), Nov. 1710.0 (1722.0), Dec. 1722.0-1730.0, Jan. 1746.0, March 1780.0-1789.0, May 1805.5, July 1826.0, Sept. 1846.5, Dec. 1876.0, Jan. 1885.5, March 1905.0, May 1924.5, July 1944.0, Sept. unquoted. Handy and Harman bullion spot 1652.00 (1720.00).

Tin—770.00-777.00 asked (784.00-785.00).

CHICAGO, October 17

Lard—Chicago loose 24.50 (same). New York prime steam 26.00 (same)

Live Cattle—Oct. 63.25-63.35 (63.07-63.30), Dec. 66.80-66.90 (67.77-66.85), Jan. 67.90-67.80, Feb. 68.40-68.25, April 68.85-68.95, June 70.85-70.80, Aug. 69.95-69.85, Oct. 68.62, Dec. 71.25. Sales: 27,470.

Live Hogs—Oct. 35.85-35.90 (35.65-35.67), Dec. 36.35-36.15 (35.77-36.25), Feb. 37.90-38.00, April 36.15-36.25, June 39.67, July 40.75-40.65, Aug. 39.55, *Oct. 39.00, Dec. 41.40. Sales: 7,078.*

‡‡Maize—Dec. 279½-279¾ (277), March 294¾-294½ (292), May 303¾-304, July 308¼-311½, Sept. 311½, Dec. 314½.

Pork Bellies—Feb. 42.90-42.70 (42.65-42.80), March 43.40-42.65 (43.02-43.12), May 44.55-44.15, July 45.50-45.35, Aug. 44.50-44.20. Sales: 5,744.

Silver—Oct. 1690.0 (1683.5), Nov. unquoted (1700.7), Dec. 1725.0, Feb. 1765.0, April 1795.0, June 1822.0, Aug. 1839.0, Oct. 1858.5, Dec. 1879.0, Feb. 1898.0, April 1916.5, June 1929.0, Aug. 1959.5, Oct. 1979.5, Dec. 1995.0, Feb. 2019.5, April 2039.5, June 2059.5, Aug. 2079.5.

†Soyabeans—Nov. 663½-662¼ (659¼), Jan. 683½-682½ (678), March 703½-703, May 722½-721½, July 736-737, Aug. 742, Sept. 739, Nov. 741½-741.

‖Soyabean Meal—Oct. 183.00-182.50 (181.00), Dec. 185.70-186.00 (184.90), Jan. 188.50-188.30, March 191.80, May 194.00-194.80, July 198.50-199.00, Aug. 200.70, Sept. 200.00, Oct. 200.00-200.50.

Soyabean Oil — Oct. 26.85-26.90 (26.90), Dec. 26.05-26.95 (25.87), Jan. 25.70, March 25.75-25.65, May 25.85-25.80, July 26.00-26.05, Aug. 26.00-26.05, Sept. 26.05, Oct. 26.10, Dec. 26.25.

‡Wheat—Dec. 446-447 (439½), March 463-462 (454¼), May 465-466, July 462½-467, Sept. 474, Dec. 486.

WINNIPEG, October 17 §Barley—Oct. 116.30 (116.50), Dec. 116.50 (116.60), March 116.00, May 116.00, July 115.60.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 17

Wheat—U.S. No. Two Dark Hard Winter wheat 13.5 per cent Oct. $205, Nov. $208, Dec. $208, Jan. $209, Feb. $211, March $212. U.S. Hard Winter Wheat ordinary unquoted. U.S. No. Two Red Winter wheat Oct. $186, Dec. $194. U.S. No. Two Northern Spring wheat 14 per cent Oct. $200, Nov. $203, Dec. $212, Jan. $216, Feb. $220, March $223.

Maize—U.S. Three Corn Yellow Afl. $144, Oct. $143.50, Nov. $144, Dec. $147.50, Jan.-March $153, April-June $155

Soyameal—44 per cent protein U.S. Afl. $231 traded, Oct. $234, Nov. $238.50, Dec. $240, Nov.-March $240.50, April-Sept. $247 sellers. Brazil Pellets Afl. $240.50-$240 traded, Oct. $243.50, mid-Oct.-mid-Nov. $246, Nov. $251, April-Sept. $251 sellers

Soyabeans—U.S. Two Yellow Gulfport Afl. $279, Oct. $271.50, Nov. $270, Dec. $277.50, Jan. $283.25, Feb. $290.50, March $292, April $298.50, May $298.75, June $303, July $304, Aug.-Sept. $305, Oct.-Nov. $303, Dec. $306.50. Brazil Yellow Faq unquoted. Argentine Afl. $270, May $290, June-July $292.

PARIS, October 17

Cocoa (FFr per 100 kilo), Dec. 1260-1270, March 1267, May 1297-1300, July 1315, Sept. 1330, Dec. 1360. Sales at call 0.

INDICES

FINANCIAL TIMES

Oct. 16	Oct. 15	M'nth ago	Year ago
225.72	296.92	293.04	263.09

(Base: July 1, 1952=100)

MOODY'S

Oct. 16	Oct. 15	M'nth ago	Year ago
1059.0	1164.3	1147.7	977.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 16	Oct. 15	Month ago	Year ago
Spot	409.91	405.76	406.68	384.07
F'tur's	412.42	412.52	414.46	382.42

(Average 1924-25-26=100)

REUTERS

Oct. 17	Oct. 16	M'nth ago	Year ago
1647.4	1656.0	1615.3	1518.2

(Base: September 18, 1931=100)

PUBLIC NOTICES

LONDON BOROUGH OF REDBRIDGE

Bills amounting to £1,000,000 maturing on 15th January 1980 were issued on 16th October 1979 at the average discount rate of 13.390625 per cent per annum. Applications total £10,500,000. The total amount of bills in issue is £2,800,000.

G. U. PRICE, Borough Treasurer.

OLDHAM METROPOLITAN BOROUGH COUNCIL BILLS

£3,300,000 Bills issued 17th October 1979 maturing 16th January 1980 at 13¹¹⁄₃₂%. Applications total £30,200,000 and there are £3,300,000 Bills outstanding.

RENFREW DISTRICT COUNCIL BILLS

£1,500,000 Bills issued 17th October 1979 maturing 16th January 1980 at 13¹¹⁄₃₂% and there are £1,500,000 Bills outstanding.

CHELTENHAM BOROUGH COUNCIL BILLS

£250,000 Bills issued 17th October 1979 maturing 16th January 1980 at 13¹¹⁄₃₂%. Applications total £1,000,000 and there are £250,000 Bills outstanding

CITY OF LIVERPOOL BILLS

£3,210,000 Bills due 16 January 1980 dated 17 October 1979 were tendered for at an average rate of Discount of £13.4310 per annum. These Bills were issued to replace a similar amount of Bills repaid on 17 October 1979 and are the only City of Liverpool Bills outstanding.

JOHN HILL, Treasurer of the City.

Initial enthusiasm for equity leaders soon wanes on lack of investment support—Gilts make progress

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sep. 24	Oct. 4	Oct. 5	Oct. 15
Oct. 8	Oct. 18	Oct. 19	Oct. 29
Oct. 22	Nov. 1	Nov. 2	Nov. 12

* "New time" dealings may take place from 9.30 am two business days earlier.

Hopes of an extended improvement in equity markets following the previous evening's late rally proved to be misplaced yesterday and leading shares gradually relinquished opening gains of three to four pence.

The Government's decision to scale down its planned sale of British Petroleum to only 5 per cent of the share capital encouraged the initial mark-up, but investors were unwilling to pursue the enhanced prices and in the absence of any follow-through support, a downward drift ensued.

A more hopeful reading of the situation at BL was also a factor and at 10 am the FT 30-share index was 4.1 up. But, reflecting the subdued nature of business, the index reacted progressively to close 0.2 down on balance at 472.3.

Although announcement of the British Petroleum issue details removed one of the recent major uncertainties overhanging the market, potential investors were content to hold back pending today's announcement of the mid-September money supply figures and tomorrow's retail price indices.

Among the few noteworthy movements in the leaders, EMI's quick rejection of the Thorn share exchange offer prompted a recovery of 10 to 382p in the latter, after Tuesday's sharp reaction of 38. In contrast to Marks and Spencer's disappointing interim figures the day previously, those from British Home yesterday were above expectations and prompted a rise of 10 in the share price to 251p.

Government stocks furthered Tuesday's recovery awaiting today's money supply statistics and, despite an overall light business, maintained their enhanced levels until near the official close of trade. Then quotations at both ends of the market eased from the day's best limits but still settled ⅛ to ⅜ higher on balance. Speculation that the Government broker had been bid a low price for supplies of the partly-paid Exchequer 12 per cent "A" 1999/2002 long tap made no impression on sentiment.

Chinese bonds became indecisive and while the 4½ per cent 1898 gained three points more to £45, the 5 per cent 1912 stock reacted 2 points to £40.

A moderate two-way business was conducted in investment currency at rates between 31½ and 32½ per cent before the premium closed a half-point better on the day at 32½ per cent. Yesterday's SE conversion factor was 0.9154 (0.9180).

Standard down again

The expiry of the October series prompted a useful demand for Traded options and 1,854 contracts were completed. This compares with Tuesday's 1,275 and Monday's 734. Business was well-distributed throughout with special emphasis on BP, 426 trades, and Shell 186. The company's bid rejection failed to suppress interest in EMI, which attracted 354 deals.

Midland Bank's failure to sell its entire 16 per cent stake in Standard Chartered, around three-quarters of the holding was placed with various institutions at a price of 470p a share on Tuesday, depressed the latter which closed a further 8 down at 470p for a two-day reaction of 24; Midland relinquished 5 more to 380p. Elsewhere, Barclays drifted down 8 to 432p, while Lloyds, 300p, and NatWest, 340p, declined 5 apiece. Following their respective interim statements, Gerrard and National firmed 4 to 248p and Smith St. Aubyn hardened 2 to 98p, but Jessel Toynbee softened 2 to 72p on the disclosure that the group had incurred a first-half loss.

Sun Life moved up 3 to 137p in Insurances following an 88 per cent increase in the dividend total.

Unconfirmed reports that an agreement has been made with the unions involved in the current whisky plant wage dispute prompted a useful turnover in Distillers, which rose to 229p before closing slightly below the day's best at 228p, a rise of 7 on balance. Arthur Bell, 190p, and Highland, 98p, both added 2 in front of expected preliminary statements. Among leading Breweries, Arthur Guinness rose 3 to 194p.

Travis and Arnold featured Building issues with a rise of 20 to 258p, after 262p, on speculative buying fuelled by bid rumours. Other Timbers experienced a quieter trade than of late, Magnet and Southerns finished a penny cheaper on balance at 157p, after initial progress to 160p. Contracting and Construction issues, marked higher late on Tuesday, often slipped back on lack of back-up support to close with little change on balance. Still reflecting the sharply higher annual profits and dividend increase, Reo Bailey added 2 for a two-day gain of 7 to 23p, after 25p. Elsewhere, UBM rose 1½ to 73p awaiting today's interim results. Despite half-yearly profits in line with market estimates, Erith eased a penny to 116p, after 114p, but Walter Lawrence continued to respond to better-than-expected results and added 3 more at 94p.

ICI opened some 4 points above Tuesday's closing level on anticipation of fresh support, but drifted back when it failed to materialise to close a couple of pence cheaper on balance at 358p.

British Home pleases

Leading Stores regained composure after the previous day's dullness created by the disappointing interim results from Marks and Spencer. M. and S. picked up a penny to 101p. British Home featured with a late jump of 10 to 251p in response to the much-better-than-expected first-half profits. Elsewhere, Grattan Warehouses eased to 122p initially on further consideration of the poor half-yearly results but rallied on a revival of bid speculation to finish 6 higher on balance at 132p. Empire moved up 4 to 184p in sympathy. Selincourt eased a penny to 28p following the disappointing half-term results and Lee Cooper gave up 5 to 253p in front of today's interim announcement. Home Charm came on offer at 164p, down 7, while Moss Bros. relinquished 5 to 195p. MFI Furniture were suspended at 83p prior to the announcement of the share deal and proposed share offer to company employees.

EMI closed a penny easier at 126p, after 131p, following rejection of Thorn's share-exchange offer; with the latter finishing 10 better at 383p, the bid is currently worth 133p per share. Elsewhere in Electricals, GEC fluctuated between extremes of 372p and 362p before ending 2 down on balance at 365p, while Racal Electronics gained 6 to 248p with sentiment in the latter helped by the announcement that the U.S. army has placed orders worth U.S.$3.9m for a new high-speed burst data communications system, which is designed and developed by Racal. Renewed speculative support helped Farnell pick up 8 to 262p, while AB Electronic firmed 6 to 174p and Electrocomponents rallied 5 to 470p. Decca, which was aroused on Tuesday by the EMI bid, dipped 10 to 355p.

Leading Engineers trended lower in an extremely quiet trade, John Brown easing 3 to 66p and Tubes 2 to 300p. Hawker closed a shade off at 178p awaiting today's interim statement. Elsewhere, English Card Clothing gave up 8 more to 112p; the offer from Carlco, down a penny at 55p, closes tomorrow. Staveley met with fresh sporadic offerings and gave up 6 more at 222p, while Weeper eased 5 to 210p and ML Holdings, a good market recently, drifted back 3 to 212p. In contrast, Spirax-Sarco at 186p, recovered the previous day's loss of 5 following Press comment on the interim results.

Business in Foods was sparse, but leading issues usually retained initial modest gains with Tate and Lyle closing a couple of pence better at 154p and Northern Foods a penny harder at 122p. News that Dalgety's bid for Spillers had been declared unconditional in all respects prompted a gain of 1½ to 47p in the latter. Dalgety rose 5 to 288p. Lazard Brothers, advisers to Dalgety, has disposed of 2.2m Dalgety ordinary shares to which it became entitled when the bid succeeded, but retained a balance of 825,000 shares.

Up 12 on Tuesday, Savoy "A" drifted back to close 4 cheaper on balance at 103p following Rothschild Investment Trust's announcement that its newly-acquired stake in the company was purely for investment purposes.

Hunting dip late

Miscellaneous industrial leaders reacted from a firm start and closed mixed. Metal Box ended 6 off at 272p and Glaxo 5 down at 460p, while Beecham eased 2 to 150p. Boots picked up a penny to 182p and Pilkington gained 4 to 292p. Secondary issues were featured by a late fall of 17 to 250p in Hunting Associated following disappointing interim profits. Mettoy dipped sharply on poor trading news and closed 6 lower at 53p with the Deferred 4½ off at 24½p. European Ferries became unsettled and cheapened 3 to a 1979 low of 111p while Siebe Gorman came on offer at 174p, down 8. Cawoods, on the other hand, gained 7 to 157p on consideration of its North Sea oil interests and Hoover A revived with an improvement of 5 to 125p. Renewed speculative support lifted Howard Tenens 1½ to 85p, while Highgate and Job continued firmly at 55p, up 3. Ofrex moved up 4 to 138p and Central Manufacturing and Trading improved a similar amount to 74p. News of the resumption of dividend payments and the increased annual earnings failed to enthuse Amour Trust which edged forward to 18½p before reverting to the overnight level of 18p.

Among Leisure issues, Photax (London) firmed 3½ for a two-day gain of 5½ to a 1979 peak of 65½p in continued response to the impressive interim results. Suggestions of an upsurge in holiday business prompted interest in Horizon Travel which added 4 to 241p.

Suspended at 76½p on Tuesday, dealings were resumed in Dutton-Forshaw following news of the agreed takeover terms of 85p from Lonrho. Dutton opened at 80p and closed only a penny higher at 81p after quiet trade. CGSB, still awaiting developments in the bid approach, eased slightly to 39p, but T. C. Harrison improved 3 to 77p following the increased first-half profits and 20 per cent dividend hike. Other Distributors tended easier and Appleyard fell 3 to 72p for a two-day fall of 6, while Caffyns gave up a like amount at 132p. Tate of Leeds dipped 6 to 104p and York Trailer shed a penny to 46p, the latter on the chairman's quarterly report.

A combination of North Sea oil speculation and reports of a foreign holiday boom sparked renewed interest in International Thomson which advanced 14 to 337p. Oil prospects also lifted Associated Newspapers 8 to 258p, while Daily Mail A put on a similar amount to 460p. Elsewhere, advertising issues turned better on hopes of an ITV settlement next week. Geers Gross, 39p, Saatchi and Saatchi, 134p and Gordon and Gotch, 97p all added a couple of pence.

Bernard Sunley put on 18 for a two-day gain of 37 to 600p on hopes of an early announcement regarding the bid approach from Eagle Star, a penny cheaper at 161p. Other Properties passed an uninspiring session and drifted down on lack of interest, although the losses were confined to a few pence. Land Securities eased 3 to 285p and MEPC 2 to 185p. Secondary issues displayed occasional mixed movements. Fairview Estates firmed 6 to 238p awaiting tomorrow's annual results and, reflecting favourable newspaper comment, Country and New Town hardened a penny to 45p.

BP active

Consideration of the Government's plan to sell only 5 per cent of its 51 per cent holding in British Petroleum prompted a firm and active trade in the shares which extended the previous day's late advance by another 6 to 368p. Other Oils responded after a firm opening and Shell settled a couple of pence cheaper on balance at 358p, after 362p. Oil Exploration, in receipt of a bid approach, became a volatile market and fell to 496p on profit-taking before a rally restored the price to 504p for a net fall of only 4.

Selected small buying arose for Overseas Traders. S. and W. Berisford, a dull market of late, recovered 5 to close at 191p, while Inchcape put on 8 at 313p. Paterson Zochonis A jumped 12 to 185p.

Trusts turned firmer. Atlantic Assets, 143p and Viking Resources, 145p rose 6 and 7 respectively on consideration of their North Sea oil interests, while option business helped New Throgmorton Capital to a gain of 3, at 167p.

Activity in Textiles remained at a low ebb although a firmer undertone was noted. Lister, results due on Friday, rose a couple of pence to 70p, while Albert Martin, the recipient again of a favourable Press mention, added a similar amount at 72p.

Charter active

Trading in Charter Consolidated resumed after the restructuring of its investments. Business was brisk as plenty of stock became available. But the offerings were well-absorbed and the price moved narrowly above the suspension price of 174p, closing at 178p.

Minorco and Zambia Copper Investments also resumed trading. Minorco found support just above its suspension price and closed 2 harder at 237p, but trading was not as active as in Charter. ZCI eased ¼ to 15p, but activity was minimal.

Charter dominated the market in Financials. Consolidated Gold Fields met early buying from Johannesburg but then fell back to finish 2 easier at 283p. Selection Trust were steady after the removal of uncertainty about what would happen to Charter's stake and closed unchanged at 534p. Rio Tinto-Zinc found some support after Tuesday's fall and finished 1 harder at 300p.

Premium Financials tended easier but De Beers and Anglo American were little changed although some selling emerged in the late trade. The sector remained unsettled by the uncertain performance of South African Golds, themselves influenced by the lower trend in bullion which closed $8 down at $383.50 an ounce.

The Gold Mines Index was 314.4, down 8.4, and the ex-premium index was 8.2 lower at 196.3.

Prices opened sharply lower in the aftermath of the U.S. Treasury auction and the depressed bullion price. At this level there was some buying interest from Johannesburg and some bear covering, but there was no followthrough and the gains were lost as sellers emerged from the U.S. later on.

Trading was confined by uncertainties arising from the U.S. Treasury's decision to vary the timing and size of gold auctions. Falls, however, were widespread throughout the list as in St. Helena at £11½ and Hartebeest at £19½, both ½ easier. Western Deep were ½ lower at £10½.

Platinums eased in sympathy with falls of up to 7, as in Rustenburg at 152p, Impala at 192p and Lydenburg at 97p. Among other South African issues, Consolidated Murchison attracted Johannesburg selling after the lower quarterly profit and lost 15 to 290p.

Australians continued to attract interest and the market was very steady following a firm performance in Sydney overnight. Western Mining retained a good market, with a rise of 4 to 167p, and, among the exploration issues, Cultus Pacific responded to enquiry with a rise of 1 to 16p.

FINANCIAL TIMES STOCK INDICES

—	Oct. 17	Oct. 16	Oct. 15	Oct. 12	Oct. 11	Oct. 10	A year ago
Government Secs.	71.38	71.07	70.88	71.30	71.06	70.70	69.25
Fixed Interest	72.00	71.76	71.76	71.98	71.88	71.95	70.95
Industrial	472.3	472.5	468.0	475.0	471.9	472.0	494.5
Gold Mines	314.4	322.8	321.1	319.3	324.6	337.1	161.2
Gold Mines (Ex-$ pm)	196.3	204.5	201.9	195.2	204.2	213.5	111.0
Ord. Div. Yield	7.12	7.12	7.19	7.09	7.12	7.09	5.45
Earnings Yld. % (full)	17.64	17.35	17.51	17.26	17.54	17.27	16.16
P/E Ratio (net) (*)	7.13	7.16	7.06	7.16	7.13	7.16	6.74
Total bargains	16,942	16,633	16,150	16,872	16,467	16,190	—
Equity turnover £m	—	114.78	72.73	75.69	89.58	108.10	76.43
Equity bargains total	—	14,295	12,225	11,181	13,445	12,110	14,237

10 am 476.5. 11 am 474.9. Noon 474.7. 1 pm 473.6. 2 pm 473.2. 3 pm 473.2.
Latest Index 01-246 8026
* Nil = 6.83.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.54 (8/2)	127.4 (9/1/35)	49.12 (3/1/75)
Fixed Int.	77.72 (5/6)	66.03 (13/2)	150.4 (28/11/47)	50.66 (3/1/75)
Ind. Ord.	558.2 (4/5)	446.1 (12/2)	558.2 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.0 (2/10)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	226.8 (2/10)	96.2 (12/1)	337.1 (3/4/74)	54.5 (25/6/76)

S.E. ACTIVITY

	Oct. 17	Oct. 16
—Daily		
Gilt Edged	110.7	100.1
Industrials	142.6	141.6
Speculative	46.7	37.2
Totals	91.6	88.3
5-d'y A'vr'ge		
Gilt Edged	117.4	121.2
Industrials	132.6	136.6
Speculative	49.3	61.1
Totals	87.7	89.2

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	325	45	37	60	230	70	10	367p
BP	350	20	—	42	20	52	—	"
BP	375	2	9	28	116	36	4	"
Com. Union	160	¼	38	5	—	8	—	137p
Com. Union	180	¼	3	3	—	—	—	"
Com. Union	200	¼	1	1	—	—	—	"
Cons. Gold	220	62	—	62	9	69	—	282p
Cons. Gold	240	42	1	43	2	50	—	"
Cons. Gold	260	22	15	26	—	37	—	"
Cons. Gold	280	2	74	16	—	27	—	"
Courtaulds	80	9	5	12	—	15	—	89p
Courtaulds	90	¼	18	5½	—	10	—	"
Courtaulds	100	¼	6	3½	—	—	—	"
Courtaulds	110	¼	23	2½	—	—	—	"
Courtaulds	120	¼	63	1	—	—	—	"
GEC	360	6	8	62	—	48	—	365p
GEC	390	½	4	17	1	32	—	"
GEC	420	¼	18	9	—	21	—	"
GEC	460	¼	48	4	—	—	—	"
Grand Met	130	—	—	—	—	33	1	151p
Grand Met	138	14	1	20	—	—	—	"
Grand Met.	158	—	32	8	3	—	—	"
Grand Met.	160	—	—	—	—	13	1	"
Grand Met.	178	—	93	3	—	—	—	"
ICI	360	¼	36	18	16	27	—	357p
ICI	390	¼	44	7½	1	14	—	"
ICI	420	¼	3	2	—	—	—	"
Land Secs.	300	¼	34	21	—	32	—	298p
Land Secs.	330	¼	12	9	—	17	—	"
Marks & Sp.	90	11	6	—	—	—	—	101p
Marks & Sp.	100	1	55	8	—	13	16	"
Marks & Sp.	110	¼	66	4½	4	9	10	"
Marks & Sp.	120	¼	39	3	3	5½	—	"
Marks & Sp.	130	¼	77	1	—	—	—	"
Shell	325	33	10	66	—	—	—	358p
Shell	350	8	12	36	—	—	—	"
Shell	375	1	23	24	6	—	—	"
Shell	400	1	93	14	40	—	—	"
Totals			1005		463		42	
		November		February		May		
EMI	90	42	20	46	16	50	1	128p
EMI	100	32	14	36	7	40	5	"
EMI	110	22	38	26	11	60	—	"
EMI	120	16	24	19	20	24	—	"
EMI	130	10	35	17	42	21	50	"
EMI	140	0	21	—	—	—	—	"
Totals			202		96		56	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.370	—	—	4	0.80	—	—	F.342.50
AKZ C	F.25	15	2.70	—	—	—	—	F.27.80
AKZ C	F.27.60	102	0.50	201	1.90	8	2.80	"
AKZ C	F.30	—	—	11	1	63	1.70	"
AKZ C	F.32.50	—	—	1	0.30	—	—	"
AKZ P	F.27.50	—	—	5	0.70	6	1	"
AKZ P	F.30	—	—	100	2	—	—	"
HO C	F.27.50	—	—	—	—	5	2.80	F.28.40
HO C	F.30	—	—	19	1	—	—	"
HO C	F.32.50	—	—	51	0.60	—	—	"
IBM C	$65	—	—	15	6½	—	—	$64¼
IBM C	$70	—	—	10	3	—	—	"
IBM C	$75	—	—	10	⅝	—	—	"
KLM C	F.90	—	—	135	3	45	5.40	F.84.50
KLM C	F.100	—	—	19	1.20	8	3.50	"
KLM C	F.110	—	—	41	0.60	7	1.20	"
KLM C	F.120	—	—	26	0.20	—	—	"
KLM P	F.90	—	—	107	7	21	7.50	"
KLM P	F.100	41	15.40	42	16.50	2	16	"
NN C	F.100	—	—	—	—	5	21	F.119
NN C	F.120	6	0.40	40	3.10	58	5	"
NN C	F.125	—	—	36	1.30	—	—	"
PET C	Fr.5000	2	540	—	—	—	—	Fr.5560
PET C	Fr.5500	2	50	—	—	1	470	"
PET C	Fr.6000	—	—	10	150	1	260	"
PHI C	F.22.50	15	0.30	105	1.20	38	1.90	F.22.60
PHI C	F.25	—	—	60	0.50	43	0.90	"
PHI C	F.27.50	—	—	18	0.20	—	—	"
PHI P	F.22.50	—	—	30	0.60	—	—	"
PHI P	F. 25	3	2.10	100	2.20	—	—	"
PU C	F.340	—	—	—	—	10	26	F.304.20
PU C	F.360	—	—	6	8	—	—	"
PU C	F.380	—	—	5	3	—	—	"
RD C	F.140	—	—	40	15.50	—	—	F.154.70
RD C	F.145	30	9.30	20	10.50	1	15.50	"
RD C	F.150	255	4.60	198	7.60	31	9.60	"
RD C	F.150	31	0.10	308	3.20	138	5.70	"
RD P	F.140	—	—	11	0.30	6	1	"
RD P	F.145	—	—	—	—	1	1.60	"
RD P	F.150	54	0.20	191	2.20	40	2.90	"
RD P	F.160	5	6.60	50	6.10	37	7.20	"
UNI C	F.130	—	—	2	1.80	—	—	F.120.30
XON C	$50	—	—	5	7⅛	—	—	$56¾
		Nov.		Feb.		May		
BAZ C	$40	10	6¼	—	—	—	—	$45
BAZ C	$45	—	—	1	4⅛	—	—	"
OXY C	$25	—	—	—	—	11	4	$25⅞
SLY C	$80	1	6	—	—	—	—	$83⅜
SLY C	$90	—	—	—	—	1	5¼	"
		Dec.		March		June		
GM C	$60	—	—	15	3¼	—	—	$62⅜
GM C	$70	—	—	10	1	—	—	"

TOTAL VOLUME IN CONTRACTS 3180

C=Call P=Put

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 15	Oct. 26	Jan. 24	Feb. 4
Oct. 29	Nov. 9	Feb. 7	Feb. 18
Nov. 12	Nov. 23	Feb. 21	Mar. 3

For rate indications see end of Share Information Service

Money was given for the call of ICI, Town and City Properties, FNFC, Shell, Inter-City, New Throgmorton Capital, Barker and Dobson, Courtaulds, Premier Oil, Cons. Gold Fields, Charter Cons., Burmah, Keyser Ullmann, Bambers Stores, W. L. Pawson, Thomas Locker A, Marshall's Universal and Noble and Lund. No puts were reported, but doubles were arranged in Decca A, Cons. Goldfields and Grattan, Warehouses.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	25p	11	368	+6	368	220½
Charter Consd.	25p	10	176	+2	178	122
EMI	50p	10	126	−1	144	81
Oil Exploration	10p	10	504	−4	508	210
Marks & Spencer	25p	9	101	+1	134	83
ICI	£1	8	358	−2	415	314
Shell Transport	25p	8	358	−2	402	278
Distillers	50p	7	228	+7	259	198
GEC	25p	7	365	−2	456	311
Grd. Metropolitan	50p	7	152	+2	178½	110½
Grattan Warehses.	25p	7	132	+6	145	88
GKN	£1	7	267	+2	308	226
BAT Inds.	25p	6	286	−1	362	255
European Ferries	25p	6	111	−3	183	111
Pentos	10p	6	70	—	100	53½

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (16)

BUILDINGS (3)
Bailey (Ben) Brownlee; Travis & Arnold

ENGINEERING (3)
Associated British Tecalemit; Wagon Industrial

INDUSTRIAL (4)
British Cinc. Cawoods; Hunting Associated Photo-Me

LEISURE (1)
Photax (London)

MOTORS (2)
Woodhead (J.); Dutton-Forshaw

TRUSTS (1)
Gresham House

OILS (2)
BP; CCP North Sea

NEW LOWS (20)

BUILDINGS (1)
Cakebread Robey

STORES (1)
Owen Owen

ENGINEERING (5)
Abwood; Birmid Qualcast; Brown (John); United Wire

HOTELS (1)
Prince of Wales

INDUSTRIALS (8)
Airfix Inds.; Bridon; Caravans Int.; E.C. Cases; European Ferries; Do. Defd.; Mettoy; Weber & Sons

LEISURE (1)
HTV N-V

MOTORS (1)
Lucas Inds.

PAPER (1)
Clay (Richard)

RUBBERS (1)
Barlow Holdings

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	82	5	—
Corpns., Dom. and Foreign Bonds	28	4	33
Industrials	288	216	902
Financial and Prop.	142	103	258
Oils	14	10	16
Plantations	5	3	20
Mines	24	75	45
Others	64	26	59
Totals	647	442	1,333

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	19/10	106	79	Fogarty (E.) Defd.	78					
55	F.P.	—	202	150	Seltrust A 5p	160					
11	F.P.	—	15	9½	Stewart Nairn	9½		0.1	5.5	3.8	8.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aurora 8¼% Conv. Cum. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bradford Prop. 10½% Cum. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Eastbourne Waterworks 8% Red. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Essex Water 8% Red. Prf. 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London Trust 13½% Deb. Stk. 2000-04	[illegible]	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lonrho 9% 2nd Mort. Deb. 87/92	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12½% 2nd Mort. Deb. 85-90	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 12½% 2nd Mort. Deb. 80-86	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mucklow A. & J. 12¼% 1st Mt. Db. 2000-05	[illegible]	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scot. Agricultural Secs. 13% Deb. 97-99	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Starrite Eng. 11% Cum. Pref.	[illegible]	−1
10p	F.P.	7/12	103p	100p	Stonehill 10½% Cum. Pref.	102pm	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
110	F.P.	[illegible]	160	120	Bank Leumi	[illegible]	
20	F.P.	[illegible]	[illegible]	[illegible]	Barlow [illegible]	[illegible]	
A$4.50	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
44	Nil	[illegible]	[illegible]	[illegible]	Francis Inds.	[illegible]	
93	F.P.	[illegible]	[illegible]	[illegible]	Hepworth Ceramics	[illegible]	
SM1.6	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
40	F.P.	[illegible]	[illegible]	[illegible]	Nolton	[illegible]	
A$3	Nil	[illegible]	[illegible]	[illegible]	Pako-Walsand	[illegible]	
77	F.P.	[illegible]	[illegible]	[illegible]	Seltrust	[illegible]	
146	F.P.	[illegible]	[illegible]	[illegible]	Unitech	[illegible]	
45	Nil	[illegible]	[illegible]	[illegible]	Waco Group	[illegible]	
600	Nil	[illegible]	189pm	80pm	Walter Duncan & Goodricke	80pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Oct. 17, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Oct. 16 Index No.	Mon., Oct. 15 Index No.	Fri., Oct. 12 Index No.	Thurs., Oct. 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	237.56	+0.2	18.24	6.14	7.00	237.10	239.29	241.43	241.29	239.84
2	Building Materials (27)	235.12	+0.7	17.15	5.92	7.55	233.59	236.22	237.40	236.34	208.87
3	Contracting, Construction (28)	372.65	+0.1	25.24	6.48	4.92	372.22	375.15	377.32	375.58	373.56
4	Electricals (15)	603.81	−0.1	13.42	3.85	9.97	604.40	608.21	616.68	620.05	552.43
5	Engineering Contractors (12)	322.05	+0.5	22.24	7.52	5.61	320.49	325.05	328.33	328.12	379.82
6	Mechanical Engineering (74)	160.39	—	21.13	7.36	5.98	160.38	162.79	164.17	163.49	189.07
8	Metals and Metal Forming (16)	159.39	+0.5	20.15	9.44	6.08	158.53	158.59	159.48	159.40	167.93
	CONSUMER GOODS										
11	(DURABLE) (52)	231.02	+1.1	16.00	5.09	7.76	228.57	236.52	239.06	237.58	214.15
12	Lt. Electronics, Radio, TV (15)	328.78	+1.7	12.32	3.79	10.40	323.23	338.25	343.38	341.21	263.09
13	Household Goods (14)	141.48	+0.7	21.22	7.47	5.74	140.46	143.07	142.89	142.95	185.12
14	Motors and Distributors (23)	109.78	−0.4	23.93	7.73	5.00	110.26	111.37	111.66	110.81	127.77
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	236.98	+0.5	16.64	6.02	7.47	235.81	237.19	239.86	238.65	213.37
22	Breweries (14)	293.44	+0.8	15.47	5.22	7.71	291.05	291.83	293.74	293.01	228.89
23	Wines and Spirits (6)	322.57	+2.7	17.01	5.58	7.31	313.94	317.45	323.99	321.52	277.75
24	Entertainment, Catering (17)	323.71	+0.4	15.33	5.73	8.50	322.53	324.76	320.33	318.86	267.69
25	Food Manufacturing (18)	211.84	+0.1	18.73	6.35	6.63	211.68	213.06	215.10	213.31	207.97
26	Food Retailing (15)	313.53	+0.3	12.58	4.12	9.52	312.50	315.76	319.65	317.79	230.20
32	Newspapers, Publishing (12)	429.63	+0.8	22.10	6.78	6.25	426.06	426.39	427.81	429.53	392.27
33	Packaging and Paper (15)	131.47	+0.1	22.46	8.55	5.74	131.32	131.11	132.81	131.73	145.60
34	Stores (41)	232.11	+0.7	12.80	4.68	10.24	230.55	233.97	236.63	235.29	201.49
35	Textiles (23)	153.76	−0.4	23.87	10.23	5.29	154.35	155.47	157.25	155.71	183.90
36	Tobaccos (3)	236.60	−0.2	24.09	9.40	4.69	237.09	238.70	241.25	241.27	235.42
37	Toys and Games (6)	63.62	−2.8	26.22	11.04	4.88	65.46	66.31	67.01	65.75	111.64
41	OTHER GROUPS (99)	207.68	−0.3	15.29	6.29	8.00	208.21	209.07	211.15	208.86	207.47
42	Chemicals (18)	289.95	−0.5	17.45	6.72	6.68	291.33	291.61	295.24	291.72	292.66
43	Pharmaceutical Products (7)	232.34	−0.8	11.32	5.25	10.74	234.29	232.97	237.95	232.66	266.73
44	Office Equipment (6)	121.11	+0.8	16.48	6.95	7.57	120.17	121.05	121.36	120.78	133.90
45	Shipping (10)	462.64	−0.4	11.47	6.83	11.13	464.54	469.23	473.33	477.06	423.43
46	Miscellaneous (58)	245.83	+0.1	15.87	6.23	8.05	245.66	248.19	249.07	246.92	223.75
49	INDUSTRIAL GROUP (493)	236.98	+0.3	16.67	6.05	7.49	236.31	238.28	240.75	239.44	225.63
51	Oils (7)	742.39	+0.7	15.22	6.48	7.10	737.28	691.49	711.88	707.73	508.34
59	500 SHARE INDEX	277.18	+0.4	16.38	6.13	7.41	276.17	274.67	278.48	276.95	249.29
61	FINANCIAL GROUP (116)	192.24	−0.6	—	5.57	—	193.41	196.04	197.54	196.76	164.33
62	Banks (6)	221.25	−1.5	37.37	5.79	3.42	224.69	229.23	231.39	229.72	186.56
63	Discount Houses (10)	245.75	+0.4	—	7.51	—	244.72	250.19	249.91	253.79	206.00
64	Hire Purchase (5)	180.32	−1.1	18.34	4.82	6.99	182.32	183.53	183.71	183.64	155.40
65	Insurance (Life) (10)	162.09	+0.7	—	6.27	—	161.00	162.18	162.73	162.49	130.54
66	Insurance (Composite) (8)	124.71	−0.5	—	7.60	—	125.38	127.66	128.57	127.33	121.17
67	Insurance Brokers (10)	273.11	+0.4	18.27	7.15	7.83	271.96	277.12	274.99	274.30	338.34
68	Merchant Banks (14)	97.58	−0.9	—	5.99	—	98.43	99.94	99.95	99.97	80.81
69	Property (43)	366.82	−0.3	3.32	2.60	44.02	368.07	368.54	374.36	374.79	258.00
70	Miscellaneous (10)	120.78	−0.9	15.73	7.43	8.28	121.93	125.16	124.96	124.19	108.83
71	Investment Trusts (110)	215.34	+0.5	—	5.33	—	214.22	217.14	218.43	218.10	219.46
81	Mining Finance (4)	138.69	—	16.05	6.22	7.57	138.68	140.78	139.18	140.16	109.19
91	Overseas Traders (20)	346.47	+0.7	15.16	7.43	8.06	343.99	349.29	350.79	352.94	324.03
99	ALL-SHARE INDEX (750)	253.55	+0.2	—	6.02	—	253.03	252.96	255.90	254.75	227.03

FIXED INTEREST PRICE INDICES

	British Government	Wed., Oct. 17	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.74	+0.31	0.26	7.47
2	5-15 years	114.50	+0.47	0.77	9.16
3	Over 15 years	119.33	+0.52	—	12.62
4	Irredeemables	132.83	+0.72	—	8.66
5	All stocks	112.26	+0.36	0.25	9.51

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Oct. 17	Tues., Oct. 16	Year ago (approx.)
1	Low Coupons	5 years	10.46	10.47	9.20
2		15 years	11.49	11.59	11.03
3		25 years	11.48	11.51	11.03
4	Medium Coupons	5 years	12.52	12.56	12.24
5		15 years	12.66	12.74	12.41
6		25 years	12.52	12.56	12.41
7	High Coupons	5 years	12.52	12.56	12.46
8		15 years	13.06	13.14	13.00
9		25 years	12.90	12.96	12.91
10	Irredeemables		11.23	11.31	11.00

		Wed., Oct. 17 Index No.	Yield %	Tues. Oct. 16	Mon. Oct. 15	Friday Oct. 12	Thur. Oct. 11	Wed. Oct. 10	Tues. Oct. 9	Mon. Oct. 8	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	66.58	16.03	66.96	67.06	67.11	67.27	67.51	67.50	[illegible]	56.66
16	Investment Trust Prefs. (15)	49.74	15.58	49.74	49.16	49.26	49.89	50.15	50.61	50.91	51.23
17	Coml. and Indl. Prefs. (20)	67.56	15.20	67.66	67.68	67.79	68.18	68.34	68.39	68.41	72.03

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also also contains the Gold Mines Index.

Gold Mines F.T.	+57.46	Wines and Spirits	+11.14
Oils	+45.91	Consumer Goods (Durable) Group	+10.34
Property	+37.64	Industrial Group	+ 8.30
Food Retailing	+37.29	Other Groups	+ 7.44
Mining Finance	+36.95	Food Manufacturing	+ 5.02
Merchant Banks	+27.17	Chemicals	+ 5.84
Breweries	+25.74	Investment Trusts	+ 5.63
Electronics, Radio and TV	+23.41	Contracting and Construction	+ 3.99
Stores	+21.50	Capital Goods Group	+ 2.77
Insurance (Life)	+20.93	Insurance (Composite)	+ 2.34
Entertainment and Catering	+20.55	Tobaccos	+ 0.85
Overseas Traders	+17.53	Packaging and Paper	+ 0.45
Financial Group	+15.23	Metal and Metal Forming	− 0.51
Newspaper and Publishing	+15.16	Pharmaceutical Products	− 3.47
500 Share Index	+14.97	Office Equipment	− 6.64
Discount Houses	+14.93	Motors and Distributors	− 7.79
Banks	+14.92	Engineering Contractors	− 9.07
All-Share Index	+14.90	Mechanical Engineering	−11.53
Building Materials	+14.36	Insurance Brokers	−12.14
Shipping	+14.36	Textiles	−13.43
Cons. Goods (Non-Dur.) Group	+14.11	Household Goods	−15.56
Electricals	+12.61	Toys and Games	−28.43
Hire Purchase	+11.42		

† Percentage changes based on Tuesday, October 16, 1979, indices.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	106.0	112.2	+0.4	3.16
Abbey Capital	36.6	39.1	+0.2	5.21
Abbey Income	43.3	46.3	+0.2	7.98
Abbey Inv. Tst. Fund	36.9	39.4	+0.1	5.79
Abbey Gen. Trust	47.7	51.0	+0.5	5.30
Equitas Prog. Trust	72.1	76.1	+0.7	4.88

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	97.1	102.2	.....	12.02

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	74.0	79.2	+0.8	6.06
Brit. Inds. Fund	71.8	76.8	+0.8	5.29
Growth & Income	41.6	44.5	+0.3	5.36
Elect. & Ind. Dev	37.7	40.3xd	+0.3	5.21
Allied Capital	75.2	80.5xd	+0.6	5.09
Hambro Fund	119.7	128.1	+0.7	5.74
Hambro Acc. Fund	141.4	151.3xd	+1.4	5.32
Income Funds				
High Yield Fd	72.9	78.0	+0.1	8.77
High Income	69.9	74.8xd	.....	7.55
A. H. Eq. Inc.	41.4	44.3	+0.2	7.65
International Funds				
International	25.6	27.4	.....	2.93
Pacific Fund	37.5	40.1	-0.2	2.23
Secs. Of America	54.9	58.7	+0.1	2.39
Specialist Funds				
Smaller Co.'s Fd.	50.1	53.6	-0.2	3.92
2nd Smlr. Co's Fd	59.8	64.0xd	-0.4	4.06
Recovery Sits.	115.0	123.1	+0.1	5.45
Met. Min. & C'dty.	50.2	53.7	+0.3	4.84
Overseas Earnings	58.4	62.5	+1.2	5.28
Exempt Funds				
Far East Exempt	44.9	46.7	-0.1	3.01
Smaller Co. Exempt	75.0	78.8xd	.....	4.66
U.S.A. Exempt	96.0	99.8xd	+0.1	3.51

Anderson Unit Trust Managers Ltd.
156, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	56.0	60.4xd	.....	5.20

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	163.0	173.0	.....	11.03

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	44.0	[illegible]	.....	11.00
(Accum. Units)	68.9	[illegible]	-0.1	11.00
Extra Income Fd	101.1	[illegible]	+0.2	10.27
(Accum. Units)	104.9	[illegible]	+0.2	10.27
High Inc. Fund	37.9	[illegible]	-0.1	9.26
(Accum. Units)	56.8	[illegible]	-0.1	9.26
(8½% W'drwl. Uts.)	50.1	[illegible]	-0.1	9.26
Preference Fund	23.9	[illegible]	.....	12.81
(Accum. Units)	41.3	[illegible]	.....	12.81
Capital Fund	23.3	[illegible]	.....	—
Commodity Fund	68.3	[illegible]	.....	3.91
(Accum. Units)	101.5	[illegible]	+0.1	3.91
(10% W'drwl. U.)	56.3	[illegible]	.....	3.91
Fin.&Prop.Fd.	20.4	[illegible]	.....	3.30
Giants Fund	39.5	[illegible]	+0.3	4.49
(Accum. Units)	47.9	[illegible]	+0.3	4.49
Growth Fund	37.2	[illegible]	+0.2	3.77
(Accum. Units)	46.0	[illegible]	+0.2	3.77
Smaller Co's Fd	30.9	[illegible]	.....	4.71
Eastern & Intl. Fd	24.7	[illegible]	.....	1.00
(6% W'drwl.Uts.)	18.7	[illegible]	.....	1.00
Foreign Fund	88.6	[illegible]	.....	1.78
N. Amer. & Int. Fd	27.5	[illegible]	-2.0	1.00
Gilt & Fixed Int.	41.9	[illegible]	.....	6.01

Dealings: †Tues. *Wed. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd. (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	96.1	102.2	.....	5.98

Prices at Oct. 11. Next sub. day Oct. 18.

Barclays Unicorn Ltd. (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	29.2	31.3	.....	2.42
Do. Aust. Acc.	74.3	79.8	+0.2	1.70
Do. Aust. Inc.	57.7	62.0	+0.2	1.70
Do. Capital	73.0	78.4	+0.4	5.15
Do. Exempt Tst.	116.8	121.6	+0.5	6.47
Do. Extra Income	29.4	31.7xd	+0.1	8.81

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.4	53.8	+0.1	4.73
Do. Accum.	67.5	72.1	-0.2	4.73

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 11	110.5	112.8xd	.....	5.14
Gross Inc. Oct. 11	78.6	81.0	.....	9.63
High Yield Oct. 11	89.0	90.8	.....	9.47

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Income	108.3	115.2	.....	3.70
Do. Acc.	134.6	143.1	.....	3.70
G.T. Inc. Fd. Un.	166.6	177.2	.....	9.10
G.T. U.S. & Gen	132.4	140.8	.....	2.70
G.T. Japan & Gen	76.4	80.4xd	.....	3.10
GGt. Pens. Ex. Fd.	221.0	232.0	.....	5.20
G.T. Int'l. Fund	150.9	160.5	.....	2.60
G.T. Four Yds. Fd.	54.4	57.8	.....	7.80
G.T. Far East & Gen.	47.0	50.5	.....	2.80

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.8	39.3	+0.2	4.92

Gartmore Fund Managers (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	23.7	25.4	-0.4	2.15
British Tst. (Acc.)	66.6	71.6	+0.4	3.73
Commodity Share	31.9	34.3	.....	3.31
Extra Income Tst.	24.2	26.0	.....	9.09
Far East Trust	32.4	34.8xd	-0.2	3.34
High Income Tst.	59.1	63.6	.....	9.33
Income Fund	78.1	84.0	-0.2	6.92
Ins. Agencies	134.48	15.50	+0.09	4.35
Intl. Exempt Fd.	92.8	101.1xd	+0.3	7.09
Intl. Tst. (Acc.)	30.8	33.1	-0.2	1.57

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	29.6	32.2	-0.1	10.00
Income	43.6	47.4	.....	9.10
Accumulation	79.3	86.2	-0.1	3.80
Growth	43.4	47.2	-0.3	4.20
Capital	47.4	51.5	+0.5	4.10
Small Co's	48.3	52.5	.....	4.00
Technology	68.1	74.0xd	+0.5	5.20
Private	45.3	49.3	.....	4.50
Intl. Erns. & Assets	48.9	53.2	.....	5.10
American	24.5	26.7	.....	2.30
Far East & Gen.	25.8	27.8	-0.2	2.10
Far East Trust	28.8	31.8	-0.1	2.20

Govett (John)
77 London Wall, EC2 01-588 5620

Stockholder Oct. 12	128.5	135.4	.....	3.20
Do. Accum. Unit	157.2	165.7	.....	3.20

Next dealing Oct. 26.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barrington Oct. 17	244.2	255.2	-11.1	5.47
(Accum. Units)	276.2	288.7	-12.4	5.47
Bing. H. Yd. Oct. 11	178.2	186.6xd	.....	9.31
(Accum. Units)	226.3	237.0	.....	9.31
Endeav. Oct. 16	236.6	245.6xd	.....	3.56
(Accum. Units)	251.9	261.4	.....	3.56
Grnchstr. Oct. 12	90.2	93.9	.....	3.34
(Accum. Units)	95.6	99.4	.....	3.34
Ln. & Brls. Oct. 17	70.8	73.5	-2.0	4.46
(Accum. Units)	76.6	79.5	-2.1	4.46

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	106.3	110.1	+1.8	4.91

Henderson Administration (a)(c)(g)
Premier UT Admin., 5, Rayleigh Road, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds				
Cabot Recovery	51.3	54.8	+0.1	5.86
Cab. Sm. Cos. Div	41.1	43.8	+0.1	3.48
Cap. Growth Inc.	67.6	72.3xd	+0.2	1.92
Cap. Growth Acc.	70.7	75.6xd	+0.2	1.94
Income & Assets	37.8	40.4	+0.1	6.31
High Income Funds				
High Income	66.6	71.2	+0.1	7.97
Cabot Extra Inc.	57.9	61.9xd	.....	8.89
Cabot Pref.&Gilt	49.5	51.6xd	+0.1	12.36
Sector Funds				
Financial & ITU	36.4	39.0	-0.3	2.23

Mutual Unit Trust Managers (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	54.5	57.8	+0.7	7.24
Mutual Inc. Tst	73.5	77.2xd	+0.4	7.72
Mutual Blue Chip	46.9	50.5	+0.5	6.70
Mutual High Yld	55.0	59.0xd	.....	9.50

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555.

Income Oct. 10	169.8	176.0	.....	6.24
(Accum. Units)	240.8	249.8	.....	6.24
Capt. Oct. 10	141.4	146.6	.....	3.45
(Accum. Units)	176.2	182.8	.....	3.45

National Provident Inv. Mngrs. Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth.Un.Tst.	57.6	61.3	.....	4.96
(Accum. Units)*	72.8	77.5	.....	4.96
NPI O'seas. Trust	134.2	142.1xd	.....	2.75
(Accum. Units)**	148.2	156.9	.....	2.75

*Prices on Oct. 10. Next dealing Oct. 24.
**Prices on Sept. 27. Next dealing Oct. 25.

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	74.1	79.6	+0.4	4.28
Extra Inc.	65.4	70.3	+0.2	8.98
Financial	35.2	37.8	+0.1	5.31
Growth Inv.	90.0	96.7	+1.0	5.13
Income	36.1	38.8xd	+0.2	7.59
Portfolio Inv. Fd.	78.8	78.3	+0.7	6.42
Universal Fd	47.1	50.6	+0.3	2.71

NEL Trust Managers Ltd. (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	66.5	70.0xd	+1.3	5.32
Nelstar High Inc.	45.4	47.7xd	+0.1	7.90

Northgate Unit Trust Managers Ltd. (c)(y)
20, Moorgate, EC2R 6AQ 01-606 4477

Northgate Oct. 18	100	—	.....	6.00
Northgate Acc. Oct. 18	100	—	.....	6.00

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fund	393.0	413.7	+3.0	5.20

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	25.8	27.8	+0.2	5.36
Accum Units	31.7	34.1	+0.3	5.36
Pearl Inc.	33.1	36.7xd	+0.2	7.56
Pearl Unit Tst.	38.5	41.4	+0.3	6.11
(Accum. Units)	51.5	55.4	+0.5	6.11

PaOcan Units Admin. Ltd. (g)(x)
57-63, Princes St., Manchester. 061-236 5685

Pelican Units	99.4	106.8xd	+0.4	5.54

Perpetual Unit Trust Mngmt. (a)

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906

Ridgefield Income	89.5	96.3	+0.8	11.38
Ridgefield Int. UT	84.7	91.0	+0.4	2.59

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	178.2	189.5xd	+2.4	4.46
N.C. Engy. Res. Tst.	130.3	138.7xd	+0.3	3.92
N.C. Income Fund	159.9	170.2	+0.6	7.56
N.C. Intl. Fd. (Inc.)	79.1	84.1	+0.3	1.98
N.C. Intl. Fd. (Acc.)	81.3	86.4	+0.3	1.98
N.C. Smlr Coys Fd	197.8	210.5xd	+0.7	3.92

Rowan Unit Trust Mngt. Ltd. (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Oct. 11	66.5	68.5	.....	2.39
Securities Oct. 16	202.5	212.5	.....	4.78
High Yield Oct. 12	56.2	59.2	.....	8.37
(Accum. Units)	84.3	88.8	.....	8.37
Merlin Oct. 17	91.1	95.3	-5.2	3.48
(Accum. Units)	116.1	122.3	-6.6	3.48

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	72.5	77.5	.....	5.53
Income Fund	70.9	76.3	.....	7.38

Prices on Oct. 15. Next dealing Oct. 31.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	36.5	39.2	+0.3	3.55
I.T.U.	25.6	27.5xd	+0.1	4.67
Univ. Growth	67.4	72.4xd	+0.2	2.85
Increasing Income Fund				
High-Yield	53.5	57.5xd	+0.5	8.27
High Income Funds				
High Return	66.1	71.0	-0.3	9.46
Income	43.0	46.3	+0.4	10.40
U.K. Funds				
UK Equity	50.5	54.2	+0.6	4.91
Overseas Funds (z)				
Europe	80.6	87.7	-1.2	3.41
Japan	71.4	76.7xd	-0.6	3.57
S.E. Asia	39.9	42.8	-0.4	3.51
U.S.	73.5	79.0	-0.4	2.14
Sector Funds				
Commodity	97.6	104.9	+0.4	3.97
Energy	98.4	105.7	+2.1	1.86
Financial Secs.	72.1	77.5	-0.2	3.71

INSURANCE & PROPERTY FUNDS

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Over Fifteen Years

Undated

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LOANS

Public Board and Ind.

Financial

103¾	98¼	FFI 13pc 1981	98¼	−¼	13.23	14.41
108¾	98¾	Do 14pc '83	101¼	−¼	13.83	13.56
86½	77½	ICFC 5½pc Deb. '80-82	84	+½	6.50	12.40
85	71½	Do. 6¼pcDb. '81-84	78½	+¼	8.26	12.90
99	84½	Do 10¼pc Uns.Ln. '86	92	.....	11.79	13.10
99	84½	Do. 11pc Uns.Ln. '88	93	.....	12.23	12.80
101½	84	Do. 11¾pc Uns.Ln. '90	96½	+½	12.65	13.00
72½	57	Do. 7¾pcADeb. '89-92	66¼	+¼	11.47	13.20
69	53½	Do 7¾pcA Db. '91-94	62½	....	11.73	13.15
81½	64½	Do.9pc'A' '91-94	73½	.....	12.35	13.20
78½	62½	Do.8¾pcLn. '92-97	72	+½	12.68	13.20
102	95½	Do.12¼pc. Uns.Ln.1992	96	.....	13.94	14.30

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
49	33	Harris & Sheldon	38½	−½	†h2.21	[illegible]	8.2	8.1
*72	51	Hawkins & Tipson	55	......	4.46	[illegible]	11.6	4.1
19½	12¼	Hawtin 5p	15½	+¼	0.25	6.1	2.3	7.1
78	50	Hay (Norman) 10p	53	......	3.7	[illegible]	10.0	8.0
*164	126	Hay's Wharf £1	137	......	F7.21	[illegible]	7.5	7.7
65	27	Hensher 'A' 10p	69	−1	d2.2	[illegible]	2.6	8.7
132	72½	Hepworth Cmic.	105½	......	t4.9	[illegible]	6.6	7.3
76	30	Hestair	40	......	‡3.5	—	‡	—
50	25	Hewitt (J.) 5p	40	......	1.28	[illegible]	3.9	5.1
72	40	Highgate & Job 50p	55	+3	—	—	—	—
100	67	Hill (Chas.) £1	70	......	d2.0	—	4.1	—
*49½	29	Hirst Mal'son 20p	35½	......	t2.6	[illegible]	10.5	3.6
93	78	Holden (A.)	80	−3	4.0	[illegible]	7.4	5.4
75	58	Hollis Bros	63	......	5.12	[illegible]	[illegible]	ф
250	148	Holt Lloyd Int. 10p	236	−2	H9.0	[illegible]	[illegible]	12.7
222	120	Hoover 'A'	125	+5	12.0	[illegible]	[illegible]	8.6
163	118	Hoskins & H 20p	118	......	10.39	[illegible]	[illegible]	7.3
65½	23½	Howard Tenens	65	+1½	1.9	—	[illegible]	—
263	142	Hunting Assoc.	250	−17	†2.44	11.4	[illegible]	7.0
89	48	Huntleigh 10p	66	+2	†0.76	[illegible]	[illegible]	12.0
90½	40	Hutch Whamp $HK2	78	−1	Q23c	[illegible]	[illegible]	14.3
33	22	Hyman (I. & J.) 5p	26½	......	†d0.96	[illegible]	[illegible]	7.7
£20¼	£11⅞	I.C. Industries‖	£13¾	......	Q$1.84	—	[illegible]	—
545	420	ICL £1	453	+3	†8.29	8.4	2.6	5.8
630	358	Imp. Cont. Gas £1	598	+3	18.09	2.5	4.3	10.3
33	25	Ingall Inds. 10p	29xd	......	2.06	ф	10.1	ф
146	88½	Initial Services	118	−2	5.5	2.5	6.7	7.0
31	16	Inter-City 20p	19½	−1½	1.17	4.0	8.8	3.3
68	51	J. B. Holdings 10p	63	......	†1.47	7.2	3.2	6.4
175	72	Jacksons Bourne	173	......	ф3.0	3.3	2.5	16.4
19	15¼	James (M.) Inds. 20p	18	......	‡d0.5	ф	‡	ф
206	100	Jardine M. $HK5	122	−1	tQ77c	2.2	6.4	8.2
36	30	Jentique	34	......	2.48	ф	10.9	ф
15½	9	Johnson & Barnes	9	......	—	—	—	—
179	105	Johnson Clnrs.	170	+1	†5.06	4.4	4.3	6.0
*260	185	Johnson Mthy. £1	215	+2	8.5	3.0	5.6	7.4
47	36	Jourdan (T.) 10p	41xd	......	3.22	1.1	11.2	(10.7)
71½	35½	Kalamazoo 10p	66	......	3.75	ф	8.4	ф
182	107	Kelsey Inds.	135	......	†3.61	7.5	3.8	5.0
60	40	Kennedy Sm. 10p	45	......	2.06	3.7	6.5	6.0
£14½	925	Kershaw (A.) 5p	£10¼	+¼	†23.25	2.8	3.2	(17.7)

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
14	9	Acmex	13	......	—	—	—
16	4	ACM 20c	10	......	—	—	—
82	50	Bond Corp	65	......	Q3.75	ф	3.0
171	100	Bougainville 50 Toea	124	+3	tQ15c	1.9	6.4
208	84	BH South 50c	203	+4	←	—	—
900	340	Central Pacific	730	......	—	—	—
318	170	Conzinc Riotinto 50c	195	−3	NQ12c	2.6	2.7
36	15	Cultus Pacific N.L.	16	+1	—	—	—
32	5	Eagle Corp. 10c	22	−2	—	—	—
21½	11	Endeavour 20c	16½	......	—	—	—

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
$24	$10½	Buffels R1	$20¼	−⅛	G206c	2.3	12.0
$18⅛	890c	East Drie R1	$16¾	−¼	tQ115c	1.6	8.6
$12¾	350c	East Rand Prp. R1	$10½	−½	tQ10c	—	1.2
$39	$18¾	F.S. Geduld 50c	$33	−1¾	tQ315c	2.4	11.5
$27¾	$11⅛	Pres. Brand 50c	$24	−¾	tQ150c	3.2	7.6
$28	$10¾	St. Helena R1	$21xd	−1¼	Q300c	ф	17.3
$11½	407c	Stilfontein 50c	950c	−40	tQ66c	1.7	8.4
$44¼	$28¾	Vaal Reefs 50c	$36¼	−2	tQ280c	2.7	9.7
$63	$28¾	West Drie R1	$50¾	−3¾	Q615c	1.3	0.8
$49	$22¼	West Hldgs. 50c	$41½	−1¼	tQ415c	1.4	12.1
$25⅝	$10¾	Western Deep R2	$20¼	−1	tQ147½c	2.1	0.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25c. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or EEC currencies are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✱ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	Sindall (Wm.)	175	......
Bertam	17	−1	IRISH		
Edg'wtr. Est. 50p	430	......	Conv. 9% '80/82	£85⅝	......
Clover Croft	29	+1	Nat. 9¼% 84/89	£72¼	+¼
Craig & Rose £1	£10½	......	Fin. 13% 97/02	£79⅞	+½
Dyson (R. A.) A	28	......	Alliance Gas	62	......
Ellis & McHdy	180	......	Arnott	380	......
Fife Forge	48	......	Carroll (P.J.)	56	+2

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday October 18 1979

Slowdown in growth shown by indices

BY PETER RIODELL, ECONOMICS CORRESPONDENT

THE LEVEL of economic activity already appears to have fallen, according to official indicators designed to identify turning points in the business cycle.

The Central Statistical Office's indices of cyclical indicators, published yesterday, all point to a slowdown in the rate of economic growth after the rapid expansion of the late spring and early summer.

There has been considerable debate among economic commentators about when the recession will start. Until recently, the evidence has been ambiguous. But the cyclical indicators and the flat trend in industrial production revealed on Monday both suggest that, at the least, the period of steady growth has finished.

The composite index of longer leading indicators, which looks ahead an average of 12 months to cyclical turning points, fell again last month, mainly because of higher short-term interest rates.

Apart from a short-lived rise in the early spring, this index has fallen for most of the last year.

The index of shorter-leading indicators, which looks ahead an average of five months, fell sharply in August. This was the third successive monthly decline.

Erratic

Even more significant was the drop in August in the index of coincident indicators, which is broadly in line with the cycle. The index, which lags behind turning points, was broadly unchanged for the fourth successive month.

Officials warn that month-to-month movements need to be interpreted with care because of erratic influences and changes in the underlying data. Some figures have been revised substantially since last month, but the trend is similar.

Commenting on last month's cyclical indicators, the Centre for Economic Forecasting of the London Business School said the trend was consistent with its forecast of falling output late this year and next year, and with its view that the trough of the recession will occur next year. The centre is headed by Professor Terry Burns, who has just been appointed chief economic adviser to the Treasury.

Monetarist analysts who look at the real money supply (sterling M3 adjusted for the inflation rate) also believe that a recession is imminent. Even after adjusting for the once-for-all element of the increase in Value Added Tax, the underlying rate of inflation is probably higher than the monetary growth target, so that the real rate of change is likely to remain negative.

The new chief adviser, Page 22

Lazards 'lost £500,000 in Spillers bid'

BY CHRISTINE MOIR

LAZARD BROTHERS, the merchant bank which advised Dalgety in its successful bid for Spillers, has lost nearly £500,000 as a result of share deals designed to support the early stages of the bid.

Lazards spent nearly £9m of its own money buying more than 18m Spillers' shares in the market. Yesterday it raised £6.11m by placing with institutions 2.2m of the Dalgety shares it received in exchange. The placing price was 278p. The remaining 825,000 shares are to be retained in the hope "that the price will go up." After a 5p rise in Dalgety's share price yesterday these have a market value of 288p or £2.37m.

Taking into account the higher value of the shares being retained Lazards admits to "a loss of approaching £500,000."

Mr. Daniel Meinertzhagen, the chairman, said yesterday: "We do not regret it. We did it in order to assist our client succeed in the bid and it did succeed." He would not comment, however, on whether the purchase of so many shares—over 12 per cent of Spillers' equity—had been a mistake.

Nor would he comment on whether the Bank of England had held any discussions with the bank over the size of the shareholding, which compares with disclosed shareholders' funds of £40m at the end of last year.

Although Lazards takes the view that Dalgety's share price will rise, it decided to sell the shares now because there are heavy carrying costs in financing such a sizeable block of shares, Mr. Meinertzhagen said. "If you make up your mind to do something you don't wait."

During the bid, Spillers asked the Takeover Panel to confirm with Lazards that the shares had been bought on its own account and that there was no agreement for Dalgety to assume responsibility for them. Both companies confirmed this.

Lazards is 79.4 per cent owned by S. Pearson and Son, the ultimate parent company of the Financial Times through Pearson Longman.

Top military aircraft-makers discuss European project

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE THREE major military aircraft manufacturing companies of Western Europe—British Aerospace, Messerschmitt-Bolkow-Blohm of West Germany, and Dassault-Breguet of France—have begun a six-month programme of talks on possible collaboration on a new tactical combat aircraft for the late 1980s and beyond.

This programme is eventually expected to involve more than 500 aircraft, and cost several billion pounds in research, development and production.

This will make it the second biggest military aircraft programme in Western Europe since the Second World War, after the 809 aircraft, £8bn Tornado multi-role combat aircraft programme, under way.

The new aircraft is intended as a replacement for the Jaguar close battlefield support aircraft in service with the RAF and French air force, and for the Phantom fighters in service with the Luftwaffe.

The decision to ask the manufacturers to press ahead with studies was taken at this week's meeting of the Defence Ministers of the three countries in Hamburg.

At the meeting, Mr. Francis Pym, for the UK, Herr Hans Apel of West Germany and M. Yvon Bourges of France, agreed that while much work had been done so far on a national basis—on Air Staff Target 403 in the UK, on TKF-190 in West Germany and on the Dassault Mirage 2000 and 4000 in France—it was still insufficient to enable them to take decisions on a new collaborative venture.

The Ministers felt they needed to know more about costs and work-sharing, as well as the design of such an aircraft, and these are the areas in which the manufacturers' studies will be concentrated.

At the end of the six months, the Ministers expect to receive a detailed report, on the basis of which they will decide whether or not to proceed to the next stage, a feasibility study on a specific design of an aircraft.

This would be followed in 1981 by "project definition," leading to a full go-ahead for the project in 1982-83.

Decisions

These decisions will depend entirely on whether the three industrial groups this winter can agree on their ability to work together on such a project.

The UK and West German industries have proved their ability to work together on the Tornado multi-role combat aircraft programme.

But the French industry in recent years has tended to develop its own programmes alone, such as the Dassault Mirage 2000 and 4000 fighters, declining to join the Tornado programme.

A major question to be settled over the next six months, therefore, is whether the French are prepared to join a new European combat aircraft programme industrially and financially, even though at the political level M. Bourges made it clear this week that he was anxious to see a collaborative venture.

The Defence Ministers' meeting achieved some more positive results in other directions. They signed a memorandum of understanding on joint development of a new anti-tank guided weapon for the late 1980s, to replace the existing Franco-German Milan and UK Swingfire projects.

In addition, they studied the progress made in collaborative helicopter programmes such as the Franco-German PAH-2 aircraft for anti-tank warfare and the UK-Italian WG-34 anti-submarine warfare helicopter.

The Ministers expressed the hope that it might be possible to develop from these ventures a four-nation helicopter "package" that would also include a new tactical transport helicopter.

They have accordingly asked the helicopter manufacturers of the four countries to continue their international discussions with such a development in mind for the 1980s.

NEB titanium talks progress

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

TALKS ARE at an advanced stage on the creation of a European consortium co-ordinated by the National Enterprise Board to produce titanium at a £30m plant on Teeside.

The major partner in the talks is Pechiney-Ugine-Kuhlmann of France which has some techolcal expertise in the field and interest in a possible U.S. production plant.

Two other companies involved in the talks are the Krupp Group and Thyssen, both West German metal producers who might take some of the titanium production.

In the UK, the NEB has already linked with Rolls-Royce, which needs the titanium for its specialised aero-engines, and with IMI which is involved in the production process. They have formed a company called Cleveland Titanium to run the proposed new plant for which planning applications have been made.

But Sir Keith Joseph, Industry Secretary, insisted when he gave the project the go-ahead two months ago, that the NEB find further private sector partners to takeover the Government's financial stake which at present is likely to amount to £20m.

Since then the NEB has had talks with titanium producers, metal users and financial institutions in Europe, the U.S. and Japan.

If the European talks lead to an agreement, the Teeside plant would have a production capacity of 5,000 tons a year. It would be followed by a 5,000-ton plant in France when demand justified. The project would be closely linked with European co-operation on aircraft manufacturing programmes in the 1980s.

Continued from Page 1

Rhodesia

"we share them. This is an explosive issue which could ruin the post-Independence Zimbabwe in no time at all."

Dr. Kaunda added his weight to the Patriotic Front's demand that Britain should create a land fund which would be used to compensate white farmers and resettle blacks.

The Front, which on Tuesday withdrew all its reservations on the constitution except for that on land, has argued that it would be politically and economically unfair to ask the Government of a newly independent state to guarantee compensation payments. Search for a formula which would enable the Front to return to the conference and participate in discussions on the transition now centres on the land issue.

It remained unclear last night whether a new form of words on the land question would suffice, or whether further concessions on the creation of a fund by Britain would be necessary.

Elinor Goodman writes: Lord Carrington was accused of playing a "dangerous and dishonest game" at Lancaster House yesterday by a former Labour minister. Mr. Alex Lyon, who resigned from the Home Office and now sits on the Opposition back benches, claimed in a letter to Lord Carrington that all he had succeeded in doing so far was damaging Britain's name still further in the eyes of Africa.

Weather

UK TODAY

CLOUDY and some rain later, particularly in north. Drier in south.

London, S.E., S.W. and Cent. S. England, E. Midlands, E. Anglia
Cloudy, some rain. Drier and brighter later. Max. 15C (59F).

W. Midlands, E. and Cent. N. England
Mainly dry. Sunny periods later. Max. 14C (57F).

S. Wales, N.E. England
Mainly dry with cloud and rain later. Max. 14C (57F).

N. Wales, N.W. England, S.W. and N.W. Scotland, Borders, Ulster
Dry. Cloud and some rain later. Max. 13C (55F).

N.E. Scotland, Cent. Highlands, Orkney, Shetland
Mainly dry. Cloud and rain later. Max. 12C (54F).

Outlook: Rain. Brighter periods later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	22	72	L. Pims.	C	22	72
Algiers	R	19	66	Lisbon	S	18	64
Amsdm.	F	14	57	Locarno	C	18	61
Athens	S	29	84	London	C	15	59
Bahrain	S	34	93	Luxmbg.	C	11	52
Barclna.	F	18	66	Madrid	S	18	61
Belfast	R	9	48	Majorca	C	18	66
Belgrd.	S	28	82	Malaga	M	18	66
Berlin	C	12	54	M'chstr	C	13	55
Biarritz	S	19	66	Melbne.	C	18	66
Bmghm.	F	13	55	Milan	C	17	63
Blackpl.	C	14	57	Mntreal	S	8	45
Bordx.	S	19	66	Moscow	C	13	55
Boulgn.	S	14	57	Munich	C	12	54
Bristol	F	14	57	Nairobi	C	19	66
Brussels	F	15	59	Naples	S	28	82
Budpst.	C	24	75	Nwcstl	R	13	55
B. Aires	S	17	63	N. York	C	18	64
Cairo	S	32	89	Nice	F	20	68
Cardiff	F	14	57	Oporto	S	20	68
Cas'b'ca	F	20	68	Oslo	C	8	46
Cape T.	S	20	68	Paris	F	15	59
Chicago	S	18	61	Perth	S	19	66
Cologne	C	13	55	Prague	R	12	54
Cpnhgn.	C	11	52	Reykjvk	C	6	43
Corfu	S	29	84	Rhodes	S	28	82
Dublin	R	12	54	Rio J'o	C	30	86
Dbrvnk.	S	25	77	Rome	S	25	77
Ednbgh.	C	11	52	Salzbrg.	R	13	55
Faro	F	20	68	Singapr.	S	29	84
Florence	C	17	63	Stckhm	C	6	43
Frankft.	C	13	55	Strasbg.	C	14	57
Funchal	C	21	70	Sydney	S	19	66
Geneva	F	16	61	Tehran	S	22	72
Gibrltr.	F	19	66	Tel Aviv	S	27	81
Glasgow	R	10	50	Tenerife	F	16	61
G'nsey	F	14	57	Tokyo	C	22	72
Helsinki	R	8	46	Toronto	S	6	41
H. Kong	S	28	82	Tunis	F	31	88
Innsbrk.	F	15	59	Valencia	F	20	68
Invrnss.	R	11	52	Venice	R	18	64
I.o.Man	F	11	52	Vienna	C	15	59
Istanbul	F	21	70	Warsaw	R	15	54
Jersey	F	15	59	Zurich	C	12	54
Jo'burg	C	18	64				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Employers want to provide for review of existing closed shops

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is likely to come under increased pressure during the next few weeks to strengthen its labour law proposals so that they provide for a statutory review of existing closed shops.

At present, the proposals specifically cover only new closed shops. But, in the wake of the recent engineering strike, leading employers want to have the statutory right to test whether their employees wish to abandon existing closed shop agreements.

This emerged yesterday after the Confederation of British Industry's monthly council meeting had reviewed the engineering strike settlement, which has been widely interpreted as a defeat for the employers.

There were strongly contrasting views voiced during the council meeting about the merits of the settlement, which included a cut in the 40-hour week in 1981.

But employers appear to have been unanimous that the main lesson to be learned was that the balance of power in industry needs changing through new labour laws and through measures such as the strike insurance scheme now being drawn up by the CBI.

"We kept coming back to the point that, until the balance of power is changed, we could not achieve the settlements we want," Sir John Methven, CBI director-general, said.

Employers had said that their employees had often obeyed the two-day strike calls because they worked in closed shops and did not want to risk losing their union card by going to work.

This meant that the law should cover existing closed shops, a point which, it is understood, is now under consideration by the Government.

The Government's present labour law proposals say that a proposed code of practice could "perhaps" cover periodic reviews of current agreements. Now employers will insist that reviews are included and some will urge that they are put into the main legislation as well. This would give the point more legal force, but might make it more difficult to interpret in practice.

Continued from Page 1

BL

to mobilise shop-floor opinion against the plan, Mr. Derek Robinson, chairman of the unofficial shop stewards combine, said.

Sir Michael held nearly seven hours of talks with the Confederation prior to his Board meeting. Union leaders stood by for further consultation by the Board.

The main points of controversy must centre on the handling of any ballot: whether it would be conducted jointly by unions and management; how the question would be posed and what supporting documents would be available.

Sir Michael undoubtedly sought assurances from the Confederation that they would help to deliver a Yes vote.

The only real test so far of shop-floor opinion was at the Park Royal bus factory, London, where the 650 workers have already agreed redundancy terms.

£90-a-night hotel room arrives

BY ARTHUR SANOLES

LONDON has its first £90-a-night standard hotel room. That is what the Ritz, part of the Trafalgar House Group, is now charging for a twin-room, inclusive of Value Added Tax and English breakfast.

For American visitors, this means that the $200 a night figure has been passed.

London's most expensive standard single rooms are at the Inn on the Park, which charges £71.60 for bed and English breakfast.

The record for the biggest price rise over the past two years goes to Rank Hotel's Royal Lancaster, where single-room rates (with breakfast) have risen by 85 per cent to £55 a night, and twin-room rates have gone up by 65 per cent to £66 a night.

A survey of London hotel prices by the Exp-o-Tel group, a hotel booking and consultancy organisation, suggests that price rises of 30 to 50 per cent over the past two years have been the norm rather than the exception. Several London hotels have increased their rates by much more, although sometimes upgrading a property produces higher tariffs.

Although the Ritz is among the most expensive hotels in London, the percentage increase in its charges recently has been relatively modest. The Exp-o-Tel report shows a 17 per cent increase in single rates, and a 35 per cent rise in twin-room tariffs.

This compares with a 58 per cent increase in single room (with breakfast) rates at the Dorchester, a 56 per cent rise at EMI's Royal Westminster, and a 63 per cent rise at Aer Lingus's London Tara hotel.

Exp-o-Tel says that there has been less business during this year, primarily in tourist traffic. "It is fair to say that the commercial business house market has remained reasonably strong. However, it it naturally only a matter of time before this market must look very carefully at its costs."

The company warns of the prospect of further large individual increases which would be necessary to compensate for lower rates for groups.

News Analysis, Page 7

THE LEX COLUMN

Why BHS thrives on less food

After Marks and Spencer's lacklustre first half performance, the 27 per cent rise in British Home Stores' interim pre-tax profits, to £13.2m, looks surprisingly good. Notwithstanding the meagre 8 per cent increase in the gross interim dividend, the shares rose 10p to 251p yesterday, where they yield a prospective 4.5 per cent.

Crude comparisons with Marks and Spencer are unfair since BHS is clearly still benefiting from its switch away from food to higher margin marchandise. While it is not giving away any secrets, the conclusion must be that BHS was making virtually nothing on its discontinned food stores and so it is experiencing a once-and-for-all benefit by injecting more profitable business. The group is selling more food now than it was last year even though it has cut the number of food departments by nearly a third.

In addition, BHS has been able to keep its sales volume moving ahead strongly in marked contrast to Marks and Spencer's experience. Assuming price inflation of 18 per cent, overall volume has risen by 7 per cent, of which just over half is accounted for by new stores. In the second half the group is opening another half-dozen stores (this year's capital spending is £35m) and it is confident that it can keep volume moving ahead firmly. So on present form, and assuming the SavaCentre project makes a positive contribution, BHS's profits could rise from £33.6m to £40m plus, which puts the shares on a multiple of just over 13 times prospective earnings, fully taxed.

For the moment BHS appears to have regained its momentum but the real question-mark hangs over the performance in 1980-81 when consumer spending should be more sluggish. At present BHS does not seem to be affected by Marks and Spencer's price cutting but the latter could escalate its offensive at some stage.

Index fell 0.2 to 472.3

Share placings

Some big lines of stock have appeared on the market in recent days. Last week, a £7m line of Plessey shares changed hands, and on Tuesday Midland sold £47m worth of Standard Chartered. Yesterday Lazards reduced its holding in Dalgety by £6m, and family shareholders in MFI placed £24m of their shares with investing institutions.

The simple explanation is that sellers want to get in quickly before the coming Government sale of BP shares, which will soak up the best part of £300m. All the disposals have been by way of a placing rather than through the lengthier process of a secondary offer for sale. The decision to sell now, rather than a few months hence, is another matter. It presumably says something about the financial outlook over the medium term.

Yesterday's placings went through quite smoothly. MFI is a business that was in real financial difficulties five years ago, when it was capitalised at a few hundred thousand pounds. Today its market value is over £100m. This transformation follows the decision to abandon a costly mail order business and to expand rapidly its retail outlets for self assembly furniture. Total square footage of its stores has doubled since 1976, and the plan is roughly to double the space again in the next five years or so.

MFI is now a major stores group — comparable with Mothercare—and this year's forecast of a pre-tax profits rise from under £14m to at least £18m could well be exceeded by £1m or more. And the market rating is not outrageous, with a fully taxed prospective p/e of 11 and a yield of 5.2 per cent at the placing price of 72p. But this is the second major placing of its shares this year, and it seems a safe bet that the forecast return on capital employed—nearly 100 per cent—will mark an all-time peak.

As for Lazards, the decision to sell most of the Dalgety shares picked up as a result of its buying raid on Spillers during the recent bid battle looks a prudent decision for a bank with disclosed net worth of around £40m at the last count. This exercise in financial machismo has cost between £400,000 and £500,000, and we may not quickly see its like again.

Discount Houses

Gerrard and National and Smith St. Aubyn were on their toes and anticipated the two-point rise in MLR on Budget day while Jessel Toynbee was obviously caught off guard. This seems to be the only worthwhile comment on the latest bunch of terse and uninformative interim statements from the three discount houses. Gerrard and National and Smith St. Aubyn both report higher profits during the first half but Jessel made a loss.

It would be surprising if the houses' performance had not picked up during this period since the comparable period of the previous year saw MLR jacked up by over 50 per cent. However, with the average cost of money for most of the period being virtually on a par with Treasury bill yields, running margins have been virtually non-existent and the houses have had to earn their living by jobbing in and out of the gilt-edged market.

All the same, they are starting to report higher dividends, and compared with the big clearing banks they are being rather generous. Smith St. Aubyn has pushed up its interim dividend by 40 per cent which, if repeated at the final stage, will put it on a yield of 11.3 per cent. Gerrard's interim is up by a quarter and Jessel, notwithstanding its loss, expects to increase its full-year payment by 27 per cent.

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